

MANDENI MUNICIPALITY (KZN 291) ANNUAL BUDGET 2016/17 & MTREF



2016/17 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	kWh	kilowatt
ASGISA	Accelerated and Shared Growth Initiative	ℓ	litre
BPC	Budget Planning Committee	LED	Local Economic Development
CBD	Central Business District	MEC	Member of the Executive Committee
CFO	Chief Financial Officer	MFMA	Municipal Financial Management Act Programme
CM	Municipality Manager	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MMC	Member of Mayoral Committee
CRRF	Capital Replacement Reserve Fund	MPRA	Municipal Properties Rates Act
DBSA	Development Bank of South Africa	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
DWA	Department of Water Affairs	MTREF	Medium-term Revenue and Expenditure Framework
EE	Employment Equity	NERSA	National City Regulator South Africa
EEDSM	Energy Efficiency Demand Side Management	NGO	Non-Governmental organisations
EM	Executive Mayor	NKPIs	National Key Performance Indicators
FBS	Free basic services	OHS	Occupational Health and Safety
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GDP	Gross domestic product	PBO	Public Benefit Organisations
GDS	Gauteng Growth and Development Strategy	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
HSRC	Human Science Research Council	PTIS	Public Transport Infrastructure System
IDP	Integrated Development Strategy	RG	Restructuring Grant
IT	Information Technology	RSC	Regional Services Council
kℓ	kilolitre	SALGA	South African Local Government Association
km	kilometre	SAPS	South African Police Service
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterpris

Part 1 – Annual Budget

1.1 Mayor's Report

ADDRESS BY HIS WORSHIP CLLR S B ZULU, THE MAYOR OF MANDENI, ON THE OCCASION OF THE TABLING OF FINAL DRAFT INTEGRATED DEVELOPMENT PLAN (IDP) AND BUDGET 2016/17, HELD AT ISIBUSISIWE HALL ON 31 MAY 2016

Honourable Speaker,
Deputy Mayor,
Chairperson of the MPAC,
Members of the Executive Committee,
Fellow Councillors,
Members of Traditional Councils within Mandeni,
Ward Committees,
Head of Administration,
Top Management,
Municipal Officials,
Distinguished guests,
Members of the media

Ladies and Gentlemen it is with great honour that I stand before you, to table the Final Draft IDP and Budget for 2016/17 financial year.

This occasion happens during the Africa Month, where festivities of our heritage are still underway in many parts of South Africa, the rest of the continent and by the African diaspora all over the world. The Province of KwaZulu Natal hosted African Countries where we saw all our African brothers and sisters descending to iLembe District to Celebrate Africa Month and indeed it was quit befitting that this crucial event was celebrated within this District named after one of the most influential monarch, uShaka kaSenzangakhona ***“iLembe eleqa amanye Amalemba Ngokukhalipha”*** who stood for unity and bravery against all odds.

Allow me madam speaker also to pay homage to all our South African brothers and sisters who did not only participate in the 2016 Comrades Marathon, but also excelled by breaking new records.

Special congratulatory message goes to David Gatebe, a South African citizen for winning the 2016 Comrades Marathon and knocking 2.5 minutes off the record to claim R1 million prize money.

We are also humbled Madam Speaker by our very own Mandeni Harriers Athletic Club, who participated in this momentous occasion. We are proud to have been associated with them as we know that they have raised our flag high.

We challenge all citizens of Mandeni to run at least once on this body sapping, 90 km run and internationally remarkable for its camaraderie amongst its participants.

Madam Speaker, 16 June 2016 marks the 40th Anniversary of Youth Day Celebrations where our youth in 1976 united against oppression in particular in the education system during that time and today we are still enjoying the fruits of their bravery against the apartheid educational system.

It is however very painful that at this point in time our youth is now faced by a number of social ills amongst others; high levels of teenage pregnancy, high HIV prevalence, high levels of drug abuse, high levels of Youth unemployment and so many other ills.

To this end, we are pleased to report that Mandeni has successfully launched the Local Drugs Action Committee (LDAC) as per the resolution of this Council on 10 December 2015.

We all agree that indeed there is more work to be done to redress all the ills affecting our youth hence more resources and efforts need to be channelled towards Youth Development Programmes.

Madam Speaker, today's budget speech is also significant in that we celebrate 16 years of Local Government. Coincidentally the democratic Local Government Elections also fall within this period of a huge milestone in Local Government.

We have appreciated the announcement of the date for the 2016 Local Government Elections by the President of the Republic of South Africa, His Excellency, Mr Jacob Zuma and the subsequent gazetting of the date by the Hon. Minister of Co-operative Governance and Traditional Affairs Mr David Des van Rooyen.

The Province of KwaZulu-Natal will be celebrating the 16 Years of Democratic Local Government where there will be a Celebration flame visiting all 10 District Municipalities and eThekweni Metro. The Celebration Flame will symbolize two aspects one, the dawn of celebration of the 16 years after centuries of dark days of apartheid colonialism characterized by subjugation, discrimination and suppression of majority.

Secondly, it symbolizes hope that the coming period will be of unprecedented changing of people's lives and the democratic values espoused by this government will remain intact for years to come.

Mandeni Municipality will have an opportunity to showcase the achievements we have made in changing the lives of our people for better during the Celebration Flame tour which will take place on the 22 of June 2016. In preparation for 2016 Local Government Elections, the Municipal Demarcation Board through Ward Delimitation process has confirmed an increase in number of Wards from 17 to 18, where Ward 18 will be located within Isithebe Area.

Madam Speaker we must appreciate the rights that the Constitution of the Republic presents to our community in particular Section 16 which states that "Everyone has the right, to assemble, to demonstrate, to picket and to present petitions **peacefully and unarmed.**" It is however concerning and unfortunate that we have recently witnessed some community unrests with serious acts of violence and hooliganism where a lot of destructions and damage to properties took place and we condemn these kind of unbecoming acts with our communities and reminding them that the rights as enshrined in the Constitution go with the high level of responsibility.

Madam Speaker we appreciate the fact that as we move towards the 2016 Local Government Elections, all political parties are intensifying their campaigns for votes but we discourage any dirty tricks by any political organisations to gain votes at the expenses of other political parties and we would like to see Free and Fair 2016 Elections.

Madam Speaker and Council, 3 August 2016 will give us an opportunity and this current Council to hand over the baton to the new Council to take forward the legacy we have built under the stewardship of the Ruling Part (ANC) during this term.

It is important that we are able as local government to showcase the achievements we have made in changing the lives of our people for better.

Our engagements with stakeholders in crafting this Final Draft IDP Budget for 2016/17 enabled us to gain insight into what our people need. Based on the inputs made, key priorities for the rate payers include access to clean basic water, fast tracking of efficient prepaid electricity metering system as well as safety and security issues.

Key priorities for young people remain job creation, support for the arts industry and provision for educational and recreational facilities as well as unemployed graduate support.

In terms of infrastructure, the rural wards are still demanding clean portable water, access to electricity and improvement on roads infrastructure, whilst urban wards also demanded maintenance of road infrastructure but also sounded a need SMME's support and CBD revitalization.

Madam Speaker the list on achievements is endless however it is important that we make mention that thousands of our local people (both rural and urban) are now living in decent houses delivered under Human Settlements Housing Programme; thousands of households have access roads that link them with social and economic activities and services within and beyond Mandeni, thousands of households have access to clean water and sustainable sanitation programmes.

Thousands of households are now living in healthy environment through regular waste collections, cleaning of verges and grass cutting; thousands of households are now having access to electricity.

Access to library services has improved; sporting facilities for local people are continuously being upgraded, safety of our local residents is continuously improved through establishment of Community Policing Forums, provision of Fire and rescue services as well as disaster risk management.

Thousands of job opportunities in the process have been created by both governments during implementation of various infrastructure and social relief projects and programmes and also private sector has created hundreds of job opportunities in construction and commercial sector.

Having said that; it becomes important to indicate to this Council and members of the Public that the road to be travelled is still long as we cannot rest when there are still households without proper access to all these services and opportunities mentioned above (Asiqhube siyephambili ngentuthuko yomphakathi waseMandeni wonkana).

Madam Speaker, Members of Council, Media and Community at large, it is an honor for me to deliver this Integrated Development Plan and Budget Speech 2016/17 as this is the last review of the IDP for this current Council as we are nearing the end of term of Council during 2016.

This term of Council consisted of mixed scenarios where on the negative side we sadly lost the Mayor (Cllr L Shabalala); tragedy lost the Speaker Cllr C Mfekayi and Ward 6 Councillor N Msomi and further lost some Municipal employees in the process.

I must thank both members of Council and Administration for being able to rise above such challenging situations and were able to carry forward with the good work done by the lost members as mentioned and in the process the municipality has achieved Clean Audit in two consecutive years during the term of this Council.

According to National Cooperative Governance (DCOG) and Provincial Co-operative Governance and Traditional Affairs (Cogta) Municipal Assessment, Mandeni Municipality is considered one of the functional Municipalities in the Country and Province which means it is stable politically and administratively, it has functional governance structures and sound financial management.

I believe a solid foundation has been laid for the new Council to take over after the Local Government Elections in August and carry forward with the flag flying high.

The municipality in preparation for 2015/16 Financial Year endorsed the concept of Back to Basics as launched by his Excellency President of the Republic Mr Jacob Zuma and the then Hon. Minister for Co-operative Governance and Traditional Affairs, Mr Pravin Gordhan and progress reports on implementation of Back to Basics are being submitted to both National and Provincial Departments of Cooperative Governance and Traditional Affairs. Also steady progress on implementation of "16 Months Programme" as adopted by Council as part of turnaround strategy in enhancing livelihoods of Communities is noted.

Madam Speaker I must also thank this Council for re-crafting the Municipal Vision to ensure that indeed it is aligned to Vision 2030 line with both the National and Provincial Policy Frameworks (Vision 2030) and our Vision **"To be a reliable, people-centered and sustainable economic Hub by 2030"**. In summary the Draft 2016/17 IDP before us amongst others covers the following delivery areas:

In terms of Basic Service Delivery and Infrastructure Development our Goal is to ensure universal access to basic services and infrastructure development by all our citizens by 2030 and key to this goal will be comprehensive infrastructure planning, coordination, development and proper maintenance of existing infrastructure.

We have started with the roll out of Phase 3 of Mandeni Internal Roads Rehabilitation Programme in Ward 7 and 15 and we have set aside R2mil for this programme; R5.1 mil for Mandeni Phase 2 Rural Roads rehabilitation in Ward 1, 9, 16 and 17; R9.6 mil set aside for Extension of Hlomendlini Bus Route normally called Esiphekephekeni in Ward 4.

A total of R14.6 mil has been committed towards the upgrading of internal roads within High view Park in Ward 4 and R8mil has been set aside for the upgrade of Municipal Offices. The municipality will continue improving the safety of pedestrian within Mandeni and an amount of R1 mil has been committed towards construction of sidewalks in Ward 3, 7, 13 and 15.

Madam Speaker there are also service delivery projects and programmes that are being implemented by other Government Sector Departments and Provincial Department of Transport has committed R12 mil towards the on-going upgrade of D883 from Inyoni through Indulinde linking Mandeni with uMlalazi and also a total of R13.5 mil has been committed towards the upgrade of P415 road from Mandini N2 Toll Plaza to Tugela Mouth.

The upgrade of this particular road is critical for the benefit of Mandeni at large as it will unlock access to proposed private developments that are proposed around Tugela Mouth along Tugela River where in the process Billions of Rands will be invested and hundreds of job opportunities will be created.

In terms of electrification programme, R1.5 mil has been set aside for refurbishment of 11KV overhead power lines in Ward 3; we will continue with the Electrification Programme under INEP programme where R10mil has been set aside for electrification of Ward 3 (Mangeza) and Ward 9 (eNyathini).

Madam Speaker, it is with great honour to announce before this Council and Community at larger that Macambini Phase 2 Housing Project has been approved by the Hon. MEC for Human Settlements Mr Ravi Pillay where Ward 1, 2, 8 and 9 will be covered by the project. On its completion a total of 2000 households would have been benefited in the process.

However, it is important to mention that this project will be implemented in four phases of 500 Units per phase and this is due to limited budget as the financial status of the Country is not in a good state currently.

Macambini Traditional Council has been consulted and the project was well received by the Traditional Authority. An amount of R11 mil has been committed for 2016/17 Financial Year by Department of Human Settlements to commence with construction of houses in all above-mentioned four Wards.

An amount of R29.2 mil has been budgeted for Inyoni Housing Project where Phase 3 of Civil Works is at completion stage and this will ensure availability of serviced sites for construction of top structure. Mathonsi Sundumbili Phase 3 is on course where over 136 Units have been completed and an amount of R11.7 mil has been budgeted for 2016/17 and in terms of Isithebe Housing (Rural Component) a total of 1839 Households have been surveyed and registered for Subsidy Administration and to date a total of 705 applications have been approved by the Department of Human Settlements.

An amount of R4mil has been committed to ensure that subsidy administration process is appropriately done to ensure that credible information is submitted to the Department of Human Settlements which will enable the department to make appropriate allocation for Stage 2 (construction) once over 70% of applications have been approved.

Madam Speaker in the current financial year we have witnessed the participation of the Private Sector in the provision of sustainable shelter for our people where Standard Bank built two houses under Operation Sukuma Sakhe where a young orphaned gentleman from Ward 16 and old pensioned woman staying with a disabled daughter from Ward 6 benefitted.

We must acknowledge the fact that the construction of houses under Operation Sukuma Sakhe has been rather slow but the Department of Human Settlements has confirmed appointment of Umpheme Developments to build a backlog of 14 OSS Houses and we have been assured that those houses will be completed by end of July 2016. Also we are forging forward with enhancement of Tenure system to redress issues that affected Previously Disadvantaged Communities by registering and transferring properties to different individuals in the formerly known as R293 settlements.

In terms of Social Infrastructure the municipality has set aside R3.7 mil for construction and finalisation of a New Community Hall in Ward 11 as we are aware that the contractor has been appointed and construction will commence during this current financial year.

A total of R850 000 has been set aside towards finalisation of upgrading of Isibusisiwe Hall. The municipality has set aside R6.3 mil for the construction of Chappies Sports Field as we are aware that this project was affected by a number of challenges amongst others land legal issues.

We have noted that the Sundumbili Sports fields (behind Sundumbili Plaza) will have to be relocated to another suitable area as they will be affected by the Town Centre Upgrade Project hence an amount of R750 000 has been set aside to commence with the relocation process.

It is important that we continuously maintain the existing sporting facilities and R300 000 has been set aside for this activity. The Municipality has set aside R450 000 towards lifeguards equipment to enhance safety within our Beaches (Tugela Mouth and Dokodweni).

Madam Speaker we are still committed in terms of providing Fire and Rescue Service as well as Disaster and rescue services within our jurisdiction to sustain our communities and to improve the health profile of the local communities. In terms of promoting social cohesion within our municipality we have set aside R650k towards Sports and Recreation Programmes across all wards.

In terms of Local Economic Development, the municipality for the 2016/17 financial year under Strategic Intervention SMME Support Programme (Quick Wins) has set aside an amount of R1.2 mil and this programme has benefited over 150 local SMMEs/ Cooperatives. The municipality will continue with the roll out of this programme where 80 SMMEs would have benefitted before end of this financial year.

The Department of Rural Development and Land Reform has also supported local cooperatives where an amount of R772 800 has been spent towards procurement of equipment and material. The municipality has commenced with the rehabilitation of Ingwenya Nature reserve starting with re-fencing as Phase 1 and Phase 2 will focus on upgrading of Ablution Facilities and picnic area where an amount of R400 000.00 has been set aside. The Department of Agriculture has committed R2.08 mil towards Agricultural Cluster Projects within Traditional Councils of Macambini and Isikhonyane where it has been indicated that Mathonsi Traditional Council Agricultural Cluster Project will be prioritized in 2017/18 Financial Year. Also Tronox Mining Group has committed an amount of R600 000.00 for Poultry Farming around Macambini Area for 2016.

The Municipality in partnership with various government departments has implemented various EPWP Programs where the municipal initiative is focusing on Zibambele Programme where over 251 jobs opportunities have been created and sustained; also 100 jobs opportunities under Food for Waste programme have been sustained for the past 3 years.

Phase 2 of the Working for the Coast Programme covering all coastal wards has recently commenced where 22 participants have been recruited and the overall programme will run until 2018 where an amount of R8.5 covering both Mandeni and KwaDukuza Municipalities have been committed towards the programme by National Department of Environmental Affairs.

The Municipality has been advised by the Office of the Hon MEC for Cogta Mrs Nomusa Dube-Ncube that participants on Community Works Programme will be increased from 500 to 1000 effective from the 1 of April 2016 and this will go a long way in terms of Community Improvement Programme.

Madam Speaker, we are still committed as Mandeni Municipality to continue fostering a culture of community involvement hence we are having members of the public today as we are tabling the Draft IDP and we appreciated their participation during the drafting of this strategic business plan for the Municipality.

The Municipality has embarked on Community Outreach Programme where the draft IDP and Budget 2016/17 Review was presented at Ward by Ward during the month of April and May 2016. This has indeed strengthened stakeholder participation and thus has enhanced our democratic and transparent processes in the IDP Review process.

I am indeed humbled as the Mayor of Mandeni Municipality to be afforded an opportunity of presenting a Budget for 2016/2017 Medium Term Revenue and Expenditure Framework (MTREF) in terms of Section 24 (1) of the Municipal Finance Management Act (MFMA).

Honourable Speaker, in preparing the budget we had to consider macro and micro realities in terms of economic outlook, socioeconomic environmental factors, legislative framework and our micro environmental factors.

From the economic outlook and inflation forecast perspective, we have been advised by National Treasury that we need to adopt a conservative approach when projecting our revenue and cash-flow for the medium-term due unfavourable and unstable economic conditions and rising inflationary pressures, and the slow growth pace on global and national economy.

Honourable Speaker, due to the unfavourable economic conditions more of our people are unemployment, which will result in shrinking of the current revenue base putting pressure on the current municipal revenue and cash-flows over the medium-term.

Faced with these realities the budget is very lean and mean considering that the grants from National Government through Division of revenue have been reduced or discontinued.

Over and above this, the cost curtailment measures through circular 82 forces us to cut all the frills we have been exposed to. Therefore our budget is directly linked to the core functions.

We were humbled by the comments we received from the community through the public participation engagements. It is however regretted that one critical request for tariff freeze could not acceded to due to priorities we are facing.

We also acknowledged comments by Provincial Treasury that through their participation we can safely say that the budget is credible and funded.

The total budget for next financial year is estimated at R254 million and over the medium term, R10 million below that of the 2015/16 financial year.

(a) Revenue generation assumptions

The grants allocation to the municipality in terms of the Division of Revenue Act reduced 3 per cent compared to 2015/2016 financial year. The expected grants allocation will amount to R139 million in 2016/2017.

The average increase on tariffs for property rates, and refuse removal services charge will be 6 per cent next financial year and the average increase over the medium-term will be 7.7 per cent. Electricity is budgeted 7.4 per cent as per National Electricity Regulator of South Africa (NERSA) guideline.

The revenue expected to be generated from rates and services charge will be R49 million next financial year from R48.4 million.

The increase of tariffs and fees on sundry and other charges will also be capped at 12 per cent as per the schedule of tariffs.

(b) Operating expenditure guidelines and assumptions

The operating expenditure will increase by an average of 7.06 per cent in the next financial year and on average of 6.8 per cent over the medium-term.

The increases on key cost or expenditure drivers will be as follows next financial year;

The employees remuneration cost will be increased by 6 per cent to a total cost of R67 million as per the agreed settlement at the Bargaining Council with labour unions and SALGA. This is 39 per cent including remuneration of councilors to total expenditure.

The electricity bulk purchase will increase by 9.4 per cent as per the approval granted to Eskom by the National Energy Regulator of South Africa to a total cost.

The allocation for repairs and maintenance of municipal assets will be R44 million.

(c) Capital expenditure assumptions

The funding of the capital expenditure will be sourced from conditional grants allocation of R33 million in terms of Division of Revenue Act, external loans (borrowings) of R1.7 million and internal generated funds of R17 million.

The availability of the internal generated funds will largely depend on the collection of outstanding debts over the medium-term. The capital expenditure budget allocated for basic services infrastructure is 65 per cent of the capital expenditure budget of R51 million.

(d) Cost containment measures

Cost curtailment measures continue as per our resolution. Hence the budget is largely informed by Circular 82.

As I conclude, Honourable Speaker our appreciation goes to the citizen of Mandeni for the belief and trust they have on the municipality and the ruling party and the other parties in Council that indeed it will deliver on the mandates given to us and we dare not fail them.

I would also like to extend my warmest words of appreciation to the administration team led by the Municipal Manager and the Members of Exco for the support and assistance in putting together the budget I am tabling before this August house today.

To this end Honourable Speaker and the esteemed members I hereby table the 2016/2017 – 2018/2019 budget and medium-term revenue and expenditure framework for consideration and approval by the Municipal Council.

Madam Speaker in conclusion I wish to state that this Budget Speech represents an executive summary of our Municipality's budget and captures only key factors. Details are distributed with the Budget Report and it is presumed that all members of this Council have acquainted themselves with details therein.

Madam Speaker, it is now my privilege and honour to propose to Council the 2016/2017, 2017/2018 and 2018/2019 Operating and Capital multi-year Budget together with the IDP for adoption as per the budget resolutions set on page 412 of the agenda. I therefore move the adoption of the budget.

I THANK YOU.

**HIS WORSHIP: THE MAYOR
CLLR S.B. ZULU**

1.2 Council Resolutions

Resolution No: C113

COUNCIL: 31/05/16

On the **31st May 2016** the Council of Mandeni Municipality met at Sibusisiwe Hall in Mandeni to consider the Annual Budget of the municipality for the financial year 2016/17. The Council approved and adopted the following resolutions:

1. The Council of Mandeni Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the Municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables of the budget document:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 13 on page 20;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 14 on page 22.
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 15 on page 24; and
 - 1.1.4. Multi-year and single-year capital appropriations by Municipal vote and standard classification and associated funding by source as contained in Table 16 on page 27.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables of the budget document:
 - 1.2.1. Budgeted Financial Position as contained in Table 17 on page 28;
 - 1.2.2. Budgeted Cash Flows as contained in Table 18 on page 30;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 19 on page 30;
 - 1.2.4. Assets management as contained in Table 20 on page 33; and
 - 1.2.5. Basic Service delivery measurement as contained in Table 21 on page 35.
 - 1.3 The Council of Mandeni Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves Schedule of Tariffs
 - 2.1. Schedule of tariffs– as set out in Annexure B,

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51, 54, 58, 59, 66, 67, 70, 71, 72, 74, 75, 78 and 79 were used to guide the compilation of the 2016/17 & MTREF.

The main challenges experienced during the compilation of the 2016/17 & MTREF can be summarized as follows:

The ongoing difficulties in the national and local economy;
Aging and poorly maintained electricity, roads and municipal infrastructure;
The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
Wage increases for municipal staff that continues to exceed consumer inflation, as well as the need to fill critical vacancies;
The continued difficulty in collecting all that is due to the municipality by consumers: and
Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2016/17 MTREF process.

The following budget principles and guidelines directly informed the compilation of the 2016/17 & MTREF:

The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
The commitments made with Auditor General in maintaining the clean audit initiatives;
The need to fulfill the municipal mandate on the provision of services on disaster management and public safety;
Tariff and property rates increase should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity.
In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the Annual Division of Revenue Act.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2016/17 & MTREF

KZN291 Mandeni - Table A1 Budget Summary									
Description	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term		
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Total Revenue (excluding capital transfers and contributions)	174,757	227,265	202,807	203,307	203,307	203,307	203,740	249,292	268,295
Total Expenditure	164,996	208,611	202,738	200,188	200,188	200,188	203,740	249,292	268,295
Surplus/(Deficit)	9,761	18,653	69	3,119	3,119	3,119	0	0	(0)
Capital expenditure & funds sources									
Capital expenditure	15,342	15,342	82,112	64,719	64,719	64,719	51,182	38,462	38,105
Total sources of capital funds	180,338	223,953	284,850	264,907	264,907	264,907	254,922	287,755	306,400

Total operating revenue has increased by 0.22 per cent or R433 000 for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget. For the two outer years, operational revenue will increase by 22.36 and 7.63 per cent respectively, equating to a total revenue growth of R64.9 million over the MTREF when compared to the 2016/17 financial year. An increase in operating revenue for 2017/18 and onwards is due to the anticipation that Thukela water works by Umngeni water will finalize its commissioning, and this will further increase our revenue base.

Total operating expenditure for the 2016/17 financial year has been appropriated at R203, 7 million. Operational expenditure has grown by 1.78 per cent in the 2016/17 budget and by 22.36 and 7.63 per cent for each of the respective outer years of the MTREF. There has been a balanced budget in the outer years of R0. The municipality will need to reprioritize the expenditure to be able to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R51.8 million for 2016/17 has decreased by 20.92 per cent more when compared to the 2015/16 Adjustment Budget. The capital programme decreases to R38.5 million in the 2017/18 financial year and then decreases in 2018/19 to R38.1 million. A substantial portion of the capital budget will be funded from government grants. The balance will be funded from internally generated funds. Decrease in capital budget is due to grants that were withdrawn by National and Provincial Treasuries as per Gazetted allocation for Neighborhood Development Grant and Massification Grant for the 2016/17 financial year. The implication of this will have a huge impact in our programs and the ability to deliver services to the community.

1.4 Operating Revenue Framework

For Mandeni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's reviewed revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 66 per cent annual collection rate for property rates and other key service charges;
- The Municipality tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- The Tariff policies of the Municipality.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	33,472	27,411	29,125	26,770	26,770	26,770	26,770	28,937	30,499	32,146
Property rates - penalties & collection charges		5,135	5,477	10,407	—	—	—	—	—	—	—
Service charges - electricity revenue	2	11,213	11,715	11,990	14,713	14,713	14,713	14,713	12,236	31,896	33,619
Service charges - water revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	5,587	5,947	6,263	6,943	6,943	6,943	6,943	7,920	8,348	8,799
Service charges - other		—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		270	267	273	201	201	201	201	305	321	339
Interest earned - external investments		2,809	3,564	3,306	3,000	3,000	3,000	3,000	3,570	3,763	3,966
Interest earned - outstanding debtors		—	—	—	6,000	6,000	6,000	6,000	7,500	9,435	10,997
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines		93	779	2,248	505	505	505	505	2,105	2,219	2,338
Licences and permits		15	45	698	300	800	800	800	1,255	1,322	1,394
Agency services		—	—	—	—	—	—	—	—	—	—
Transfers recognised - operational		93,022	114,788	155,443	143,970	143,970	143,970	143,970	139,308	160,812	173,983
Other revenue	2	4,547	4,765	7,511	405	405	405	405	605	677	714
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		156,163	174,757	227,265	202,807	203,307	203,307	203,307	203,740	249,292	268,295

Table 3 Percentage growth in revenue by main revenue source

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)								
Description	Ref	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework					
		Full Year Forecast	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
R thousand	1							
Revenue By Source								
Property rates	2	26,770	28,937	14.20	30,499	12.23	32,146	11.98
Service charges - electricity revenue	2	14,713	12,236	6.01	31,896	12.79	33,619	12.53
Service charges - refuse revenue	2	6,943	7,920	3.89	8,348	3.35	8,799	3.28
Rental of facilities and equipment		201	305	0.15	321	0.13	339	0.13
Interest earned - external investments		3,000	3,570	1.75	3,763	1.51	3,966	1.48
Interest earned - outstanding debtors		6,000	7,500	3.68	9,435	3.78	10,997	4.10
Fines		505	2,105	1.03	2,219	0.89	2,338	0.87
Licences and permits		800	1,255	0.62	1,322	0.53	1,394	0.52
Transfers recognised - operational		143,970	139,308	68.38	160,812	64.51	173,983	64.85
Other revenue	2	405	605	0	677	0.27	714	0.27
Total Revenue (excluding capital transfers and contributions)		203,307	203,740	100%	249,292	100%	268,295	100%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise just below one thirds of the total revenue mix. In the 2016/17 financial year, revenue from rates and services charges totaled R49.1 million or 24.1 per cent. This increases to R70.7 million and R74.6 million in the respective financial years of the MTREF.

The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 53 MBRR SA1 (see page 106).

Operating grants and transfers totals R139.3 million in the 2016/17 financial year and steadily increases to R160.8 million by 2017/18. Note that there is a decrease of 3.2 per cent for the 2016/17 financial year and the year-on-year growth is 15.4 per cent and then increase 8.2 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		67,608	77,829	102,274	133,856	133,856	133,856	136,754	150,936	163,206
Local Government Equitable Share		65,009	74,289	90,414	119,361	119,361	119,361	122,874	134,036	143,306
Finance Management		1,500	1,650	1,800	1,800	1,800	1,800	1,825	1,900	1,900
Municipal Systems Improvement		800	890	934	940	940	940	—	—	—
EPWP Incentive		299	1,000	1,646	1,755	1,755	1,755	2,055	—	—
Integrated National Electrification Programme		—	—	7,480	10,000	10,000	10,000	10,000	15,000	18,000
Other transfers/grants [insert description]										
Provincial Government:		25,415	36,959	53,169	10,114	10,114	10,114	2,554	9,876	10,777
Community Participation IDP (Prov.)		—	200	—	—	—	—	—	—	—
Joint Project Funding (Prov.)		—	—	—	8,000	8,000	8,000	—	—	—
Provincialization of Libraries		563	1,207	2,199	1,454	1,454	1,454	1,797	1,869	1,944
Recapitalisation- Community Library		—	—	—	510	510	510	—	—	—
Other transfers/grants [insert description]		24,852	35,553	50,970	150	150	150	757	8,007	8,833
District Municipality:		—	—	—	—	—	—	—	—	—
[insert description]										
Other grant providers:		—	—	—	—	—	—	—	—	—
[insert description]										
Total Operating Transfers and Grants	5	93,022	114,788	155,443	143,970	143,970	143,970	139,308	160,812	173,983

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6.6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are moderate this year at 7.64 per cent. Given that these tariff increases are determined by external agencies, the impact they have on the municipality and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows

1.5 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance and Traditional affairs. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA)
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy; for pensioners, physically and mentally disabled persons, a maximum/total rebate of 100 per cent will be granted to owners of rate-able property
- In this regard the following stipulations are relevant:
- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health
- The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
- The property must be categorized as residential.

The municipality has the valuation roll that was implemented in 2012, and over the years the municipality has been updating it through a supplementary valuation roll. The municipality is in a process of compiling a new valuation roll as the current roll has 4 years of its implementation. The rates tariff for 2016/17 is proposed to be increased.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2016/17 financial year based on the valuation roll implementation from 1 July 2012 and updated supplementary valuation roll is contained below:

As a result there will be a 6.6 percent increase in the rates tariff for 2016/17.

Public Service Infrastructure has been increases by 6.6% which is being phased out in terms of MPRA for 2016/17 which contributes to income forgone. The municipality has applied 50% Rebate/Phasing out discount for PSI properties as we are in the second year of phasing out as per Section 93A of MPRA as per transitional arrangement. Revenue forgone has increased from R726 000 in the 2015/16 Adjustment Budget to R1,5 million in the 2016/17 which has taken into consideration the phasing discount for PSI properties, as we are in the second year of phasing out.

Isithebe Industrial estate as a category, its tariff has been increased by 17% which is in line with a negotiated settlement reached with Industrial debtor, mainly Ithala.

Property rates increased from R26.8 to R28.9 million in the 2016/17 financial year. A general tariff increase of 6.6 percent increase (guided by Circular 79) for property categories, excluding Industrial category with an increase of 17 per cent. The breakdown of the calculation applied in obtaining the budget amount has been included in the supporting document submitted. In calculating the properties rates budget, the municipality has taken into account the amendments of the MPRA.

Table 5 Comparison of proposed rates to be levied for the 2016/17 financial year

Property Category Use	Current Tariff 2015/16	Proposed Tariff 2016/17
Residential	0.0111	0.0118
Industrial	0.0111	0.0134
Commercial	0.0188	0.0201
Farms Agriculture Purpose	0.0028	0.0030
Farms Commercial Purpose	0.0188	0.0201
Farms Other than (i) and (ii)	0.0176	0.0188
State Owned Properties	0.0176	0.0188
Municipal Properties	-	-
Public Service Infrastructure	0.0028	0.0030
Public Benefit Organisation	-	-
Vacant land	0.0178	0.0189

1.6 Sale of Electricity and Impact of Tariff Increases

NERSA announced the revised bulk electricity pricing structure in March 7.64 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2016.

Considering the Eskom increases, the consumer tariff had to be increased by 7.64 per cent to offset the additional bulk purchase cost from 1 July 2016. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption.

Registered indigents will again be granted 50 kWh per 30-day period free of charge. In addition those residential customers that are not registered as indigent, but that consume less than 50 kWh per 30-day period will receive 50 kWh free of charge.

It should further be noted that the municipality has adhered to NERSA's advice that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof is that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

Correction of overstatement that has been identified in the previous years.

Inclining Block Tariff

The following is the basis of the price increases that has been used in developing the rates for the (Inclining Block Tariff) IBTs as proposed by NERSA:

- Block 1 - The 2016/17 benchmarks were increased by the CPI inflation of 6.6%.
- Block 2 - The 2016/17 benchmarks were increased by the CPI of 7% as per the electricity tariff benchmark (6.6%+1%).
- Block 3 & 4 - The 2016/17 were increased by 12.28%, Increase is to compensate the capital programs to support the renewal of bulk infrastructure.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 6 Comparison between current electricity charges and increases (Domestic)

kWh	NERSA's benchmark	Current tariff	Proposed	Customers
0 - 50	77 - 84	72.00	76.76	27
51 - 350	101 - 108	96.63	103.39	229
351 - 600	144 - 152	105.94	118.95	475
>600	173 - 179	143.89	161.56	137

Service Charges- electricity revenue has decreased from R14.7 million to R12.2 million in the 2016/17 financial year. Electricity revenue decrease is due to monitoring the actual electricity billing for the year as we have determined that in the previous years we have been overstating the budget for this line item, and also we have taken into consideration the actual rate at which it increases as proposed in the NERSA guideline. Then revenue has been reduced by R2.5 million. The breakdown of the calculation applied in obtaining the budget amount has been categorized in the inclining block tariff, and has taken into consideration the conversion to the prepaid system that the municipality will be implementing in 2016/17 financial year. The decrease in the number of households from 1053 to 1040 is due to SAPPI houses which have been left unoccupied due to SAPPI's restructuring.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's network has therefore become a strategic priority, especially the substations and transmission lines.

The budget for the Electricity Distribution Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R1.5 million per year for five years will be necessary to steer the Municipality out of this predicament.

Increase for sale of electricity in 2017/18 and onwards is due to anticipation that the uThukela water works by Umngeni water will finalize its commissioning, and this will further increase our revenue base as per our agreement.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. A funding model needs to be developed to mitigate this burden.

1.7 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a surplus.

Projected revenue constitutes of 7.9 million for billing to debtors and 5 million allocated from equitable share for free basic services thus totaling 12.9 million. Projected expenditure is 6 million which is allocated for contractor million and free basic services R100 000 and employee cost at R2.1 million, thus projected surplus of R2.7 million.

A 6.6 per cent increase in the waste removal tariff is proposed from 1 July 2016/17. Higher increases will not be viable in 2016/17 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6.6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

Service Charges- refuse revenue have increased from R6.9 to R7.9 million in the 2016/17 financial year. A general tariff increase of 6.6 percent has been proposed, also taking into account increase in number of properties that the municipality will be providing service for 2016/17. An increase of 6.6 per cent would be counter-productive and will result in affordability, as it will also substantiate providing this service in a surplus.

Increase in number of households from 10508 to 11705, is taking into consideration additional properties through the Inyoni housing (low cost housing) that has been added and it contributes to the free basic services, as these are indigent beneficiaries.

1.7.1 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at 6.6 per cent.

Table 7 MBRR Table SA14 – Household bills

KZN291 Mandeni - Supporting Table SA14 Household bills											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		383.72	432.20	458.14	375.67		458.14	–	375.67	398.21	422.10
Electricity: Basic levy		98.70	134.86	223.66	209.03		209.03	7.0%	441.05	476.00	609.32
Electricity: Consumption		689.07	1,164.44	1,931.23	1,804.89		1,804.89	7.0%	2,003.43	2,163.00	2,314.41
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		90.86	96.31	121.57	114.69		114.69	6.0%	121.57	129.00	136.74
Other											
sub-total		1,262.35	1,827.81	2,734.60	2,504.28	–	2,586.75	17.5%	2,941.72	3,166.21	3,482.57
VAT on Services											
Total large household bill:		1,262.35	1,827.81	2,734.60	2,504.28	–	2,586.75	17.5%	2,941.72	3,166.21	3,482.57
% increase/-decrease			44.8%	49.6%	(8.4%)	(100.0%)	–		13.7%	7.6%	10.0%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		73.14	75.39	84.72	69.47		79.92	–	69.47	73.64	78.06
Electricity: Basic levy		98.70	150.04	248.84	232.56		232.56	7.0%	258.14	279.00	298.53
Electricity: Consumption		370.56	231.44	383.84	358.73		358.73	7.0%	398.19	430.00	460.10
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		90.86	96.31	121.59	114.71		114.71	6.0%	121.59	128.00	135.68
Other											
sub-total		633.26	553.18	838.99	775.47	–	785.92	9.3%	847.39	910.64	972.37
VAT on Services											
Total small household bill:		633.26	553.18	838.99	775.47	–	785.92	9.3%	847.39	910.64	972.37
% increase/-decrease			(12.6%)	51.7%	(7.6%)	(100.0%)	–		7.8%	7.5%	6.8%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total		–	–	–	–	–	–	–	–	–	–
VAT on Services											
Total small household bill:		–	–	–	–	–	–	–	–	–	–
% increase/-decrease			–	–	–	–	–		–	–	–

1.8 Operating Expenditure Framework

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;

Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;

The capital programme is aligned to the asset renewal strategy and backlog eradication plan;

Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure By Type											
Employee related costs	2	32,510	48,706	64,493	60,614	60,614	60,614	60,614	67,960	71,629	75,784
Remuneration of councillors		8,029	9,159	9,644	11,292	11,292	11,292	11,292	12,580	13,259	14,028
Debt impairment	3	7,104	17,857	20,109	3,218	3,218	3,218	3,218	3,629	3,825	4,032
Depreciation & asset impairment	2	18,773	18,632	21,457	19,000	19,000	19,000	19,000	21,000	22,711	23,931
Finance charges		—	—	—	—	—	—	—	1,810	1,908	2,011
Bulk purchases	2	7,437	8,128	8,112	12,556	12,056	12,056	12,056	9,596	30,115	34,007
Other materials	8	8,708	10,451	11,768	19,180	16,330	16,330	16,330	14,924	15,730	18,604
Contracted services		10,039	10,971	21,270	15,345	18,495	18,495	18,495	16,352	17,804	18,747
Transfers and grants		3,934	3,866	12,291	19,600	19,600	19,600	19,600	11,150	23,432	27,278
Other expenditure	4, 5	25,150	36,960	39,459	41,932	39,582	39,582	39,582	44,740	48,879	49,872
Loss on disposal of PPE		(156)	265	8	—	—	—	—	—	—	—
Total Expenditure		121,528	164,996	208,611	202,738	200,188	200,188	200,188	203,740	249,292	268,295

The budgeted allocation for employee related costs for the 2016/17 financial year totals R67.9 million, which equals 33.4 per cent of the total operating expenditure. An annual increase of 5.4 and 5.8 per cent has been included in the two outer years of the MTREF. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

Employee related costs increased from R60, 6 million to R67.9 million which reflects an increase of 12.12 percent. As part of the planning assumptions and interventions, increase has taken into consideration the current status of the positions filled as per the organogram and we have prioritized few critical vacancies of which some will be advertised internally as part of promotion to internal staff. An increase of 6% is proposed as per the Salary wage agreement from SALGA. Increase in the number of position for other municipal staff increased from 212 in the 2015/16 Adjustment budget to 230 in the 2016/17 financial year, reflects 18 position which have been prioritized in 2016/17 financial year.

Employee related costs and remuneration of Councilor's have been budgeted at percentage of 39.5 percent of the total operating expenditure, which is within the norm range of 25 percent to 40 percent as per MFMA Circular No.71.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998) and is within the limits noted in Government Gazette No.39548. The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. This includes the provision for medical aid for Councilors. The provision of debt impairment was determined based on an annual collection rate of 66 per cent and the Debt Write-off Policy of the Municipality. For the 2016/17 financial year the additional amount equates to R3.6 million to R3.8 million by 2017/18. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R21 million for the 2016/17 financial and equates to 10.3 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance Charges consists primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 9 per cent (1.8million) of operating expenditure excluding annual redemption. The municipality has entered into finance lease for procuring municipal fleet with Wes bank for a period of three (3) years. Finance charges increases to 1.9 million in 2017/18 and increases to 2 million in 2018/19 financial year.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses. Bulk purchases have decreased from 12.1 million to 9.6 million in 2016/17, which is due to correction of overstated budget in previous year to collate with sale of electricity. Bulk purchases have also taken into consideration 7.64 as proposed in NERSA guideline for 2016/17 financial year.

Other materials comprise of amongst others the purchase of materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the Municipality's infrastructure. For 2016/17 the appropriation against this group of expenditure has been decreased by 9.8 per cent (R14.9 million) which contributes towards cost cutting measures and continues to grow by 5.4 for the two outer years of which budget allocation is in excess of R15.7 million by 2017/18. Budget allocated for other materials in 2016/17 financial year is sufficient to cover the repairs and maintenance, as the ongoing health of the assets are still in a good condition based on their assessment.

As part of the compilation of the 2016/17 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2016/17 financial year, this group of expenditure totals R16.4 million and has decreased by 11.6 per cent. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2016/17 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into this budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been reversed in this area indicating that significant cost savings have been already realized. Other expenditure budget also comprises General expenses where we have included budget of R3.5 million for the implementation of mSCOA as it is the biggest reform to be implemented in local government. Budget allocated was derived from Finance Management Grant (FMG) and our own equitable share, to determine the necessary level of budgeting that may be required for any hardware, software and any training requirements.

The following table gives a breakdown of the main expenditure categories for the 2016/17 financial year.

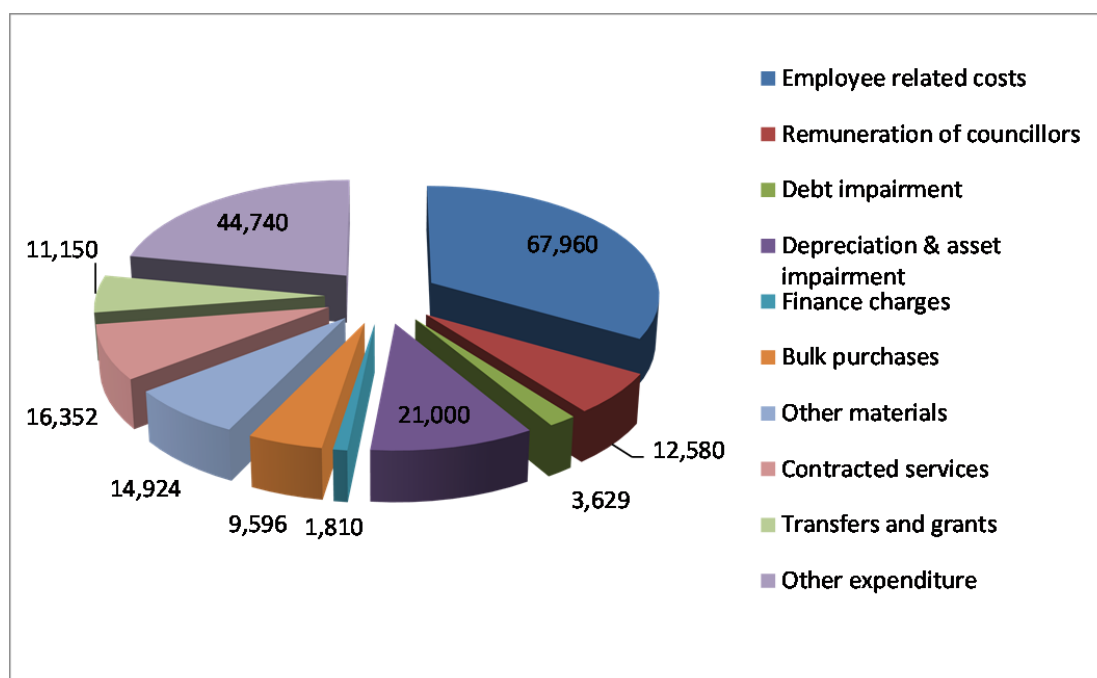


Figure 1 Main operational expenditure categories for the 2016/17 financial year

1.8.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs & maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 9 Operational repairs and maintenance

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'										
Description	Ref	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Repairs and Maintenance by Expenditure Item	8									
Employee related costs		8,067	10,236	10,304	10,304	10,304	10,304	11,553	12,177	12,883
Other materials		10,451	11,768	19,180	16,330	16,330	16,330	14,924	15,730	18,604
Contracted Services										
Other Expenditure										
Total Repairs and Maintenance Expend	9	18,518	22,004	29,484	26,634	26,634	26,634	26,477	27,907	31,488

During the compilation of the 2016/17 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance and the weather pattern disasters especially to rural roads. To this end, repairs and maintenance for roads was substantially decreased by 0.59 per cent in the 2016/17 financial year, from R26.6 million to R26.5 million. The total allocation for 2016/17 equates to R26.4 million a decrease of 0.59 per cent in relation to the Adjustment Budget and continues. In relation to the total operating expenditure, repairs and maintenance comprises of 5.4 and 5.5 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 10 Repairs and maintenance per asset class

KZN291 Mandeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Re	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		8,583	11,299	14,834	18,929	18,229	18,229	17,003	17,921	18,938
Community		2,559	4,492	3,084	3,980	3,980	3,980	3,780	3,984	4,200
Other assets		3,164	2,728	4,087	6,574	4,424	4,424	5,694	6,001	8,350
Total Repairs and Maintenan	1	14,306	18,518	22,004	29,484	26,634	26,634	26,477	27,907	31,488
R&M as a % of PPE		6.2%	7.1%	7.1%	9.9%	7.6%	7.6%	7.0%	7.1%	7.5%
R&M as % Operating Expenditure		11.8%	11.2%	10.5%	14.5%	13.3%	13.3%	13.0%	11.2%	11.7%

For the 2016/17 financial year 13 per cent or R26.5 million of total repairs and maintenance will be spent on infrastructure assets. Infrastructure assets have been allocated R17.0 million of total repairs and maintenance equating to 64.2 per cent, Community assets have been allocated R3.8 million of total repairs and maintenance equating to 14.28 per cent and other assets have been allocated R5.7 million of total repairs and maintenance equating to 21.5 per cent.

1.9 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 150 or more indigent households during the 2016/17 financial year, a process is reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.10 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 11 2016/17 Medium-term capital budget per vote

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description R thousand	Re	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2	-	-	-	-	-	-	-	-	-	-
Vote 1 - Executive and Council		-	-	-	83	83	83	83	-	-	-
Vote 2 - Budget and Terasury		(9,841)	-	-	137	137	137	137	-	-	-
Vote 3 - Corporate Services		-	-	-	1,080	1,080	1,080	1,080	2,160	-	-
Vote 4 - Community and Social Services		57	57	57	5,453	1,713	1,713	1,713	2,150	3,706	112
Vote 5 - Sport and Recreation		-	-	-	1,544	670	670	670	750	200	-
Vote 6 - Public Safety		-	-	-	529	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		2,773	2,773	2,773	25,423	17,273	17,273	17,273	8,665	-	-
Vote 10 - Environmental Protection		-	-	-	-	-	-	-	200	-	-
Vote 11 - Road transport		12,511	12,511	12,511	45,263	40,263	40,263	40,263	35,757	34,556	37,993
Vote 12 - Waste Management		-	-	-	1,100	-	-	-	-	-	-
Vote 13 - Electricity		-	-	-	1,500	3,500	3,500	3,500	1,500	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		5,501	15,342	15,342	82,112	64,719	64,719	64,719	51,182	38,462	38,105
Total Capital Expenditure - Vote		5,501	15,342	15,342	82,112	64,719	64,719	64,719	51,182	38,462	38,105

For 2016/17 an amount of R35.8 Million has been appropriated for the development of infrastructure which represents 69.9 per cent of the total capital budget. In the outer years this amount totals R34.6 million and increases to R37.9 million respectively for each of the financial years. Transport and roads receives the highest allocation of R35.8 million in 2016/17 which equates to 69.9 per cent followed by planning and development at 16.9 per cent, R8.7 million.

Total new assets represent 73.4 per cent or R37.5 million of the total capital budget while asset renewal equates to 26.6 per cent or R13.4 million. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

1.11 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 12 MBRR Table A1 - Budget Summary

KZN291 Mandeni - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Financial Performance										
Property rates	38,607	32,888	39,532	26,770	26,770	26,770	26,770	28,937	30,499	32,146
Service charges	16,800	17,662	18,253	21,656	21,656	21,656	21,656	20,156	40,244	42,417
Investment revenue	2,809	3,564	3,306	3,000	3,000	3,000	3,000	3,570	3,763	3,966
Transfers recognised - operational	93,022	114,788	155,443	143,970	143,970	143,970	143,970	139,308	160,812	173,983
Other own revenue	4,925	5,856	10,731	7,412	7,912	7,912	7,912	11,770	13,974	15,782
Total Revenue (excluding capital transfers and contributions)	156,163	174,757	227,265	202,807	203,307	203,307	203,307	203,740	249,292	268,295
Employee costs	32,510	48,706	64,493	60,614	60,614	60,614	60,614	67,960	71,629	75,784
Remuneration of councillors	8,029	9,159	9,644	11,292	11,292	11,292	11,292	12,580	13,259	14,028
Depreciation & asset impairment	18,773	18,632	21,457	19,000	19,000	19,000	19,000	21,000	22,711	23,931
Finance charges	—	—	—	—	—	—	—	1,810	1,908	2,011
Materials and bulk purchases	16,146	18,579	19,880	31,736	28,386	28,386	28,386	24,520	45,845	52,611
Transfers and grants	3,934	3,866	12,291	19,600	19,600	19,600	19,600	11,150	23,432	27,278
Other expenditure	42,137	66,053	80,846	60,496	61,296	61,296	61,296	64,721	70,508	72,652
Total Expenditure	121,528	164,996	208,611	202,738	200,188	200,188	200,188	203,740	249,292	268,295
Surplus/(Deficit)	34,636	9,761	18,653	69	3,119	3,119	3,119	0	0	(0)
Transfers recognised - capital	—	—	—	43,886	43,886	43,886	43,886	33,757	34,556	35,993
Contributions recognised - capital & contributed ass	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	34,636	9,761	18,653	43,955	47,005	47,005	47,005	33,757	34,556	35,993
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	34,636	9,761	18,653	43,955	47,005	47,005	47,005	33,757	34,556	35,993
Capital expenditure & funds sources										
Capital expenditure	5,501	15,342	15,342	82,112	64,719	64,719	64,719	51,182	38,462	38,105
Transfers recognised - capital	—	—	—	43,886	43,886	43,886	—	33,757	34,556	35,993
Public contributions & donations	—	—	—	—	—	—	—	—	—	—
Borrowing	—	—	—	—	—	—	—	—	—	—
Internally generated funds	25,182	25,182	25,182	38,226	25,833	25,833	25,833	17,425	3,906	2,112
Total sources of capital funds	25,182	25,182	25,182	82,112	69,719	69,719	25,833	51,182	38,462	38,105
Financial position										
Total current assets	103,349	90,919	66,443	122,868	37,052	37,052	37,052	48,305	64,623	82,072
Total non current assets	254,995	307,316	355,535	320,636	417,269	417,269	417,269	458,247	460,927	483,853
Total current liabilities	20,600	26,473	26,317	17,597	19,632	19,632	19,632	33,909	16,618	17,500
Total non current liabilities	9,731	11,391	15,479	13,000	15,479	15,479	15,479	19,660	22,000	25,500
Community wealth/Equity	328,014	360,371	380,182	412,907	419,211	419,211	419,211	452,984	487,540	523,533
Cash flows										
Net cash from (used) operating	40,011	35,641	37,932	50,800	62,866	62,866	62,866	32,625	45,081	46,053
Net cash from (used) investing	(29,773)	(48,259)	(69,677)	(82,112)	(64,719)	(64,719)	(64,719)	(51,182)	(38,462)	(38,105)
Net cash from (used) financing	46	50	(103)	—	(1,843)	(1,843)	(1,843)	(1,210)	(1,300)	(1,500)
Cash/cash equivalents at the year end	73,474	60,905	29,057	28,486	25,361	25,361	25,361	5,594	10,912	17,361
Cash backing/surplus reconciliation										
Cash and investments available	73,474	60,905	29,059	73,868	25,361	25,361	25,361	5,594	10,912	17,361
Application of cash and investments	(334)	5,621	(4,034)	(10,676)	13,910	13,910	13,910	4,716	(34,058)	(42,296)
Balance - surplus (shortfall)	73,808	55,284	33,093	84,544	11,451	11,451	11,451	878	44,970	59,657
Asset management										
Asset register summary (WDV)	254,995	307,316	355,535	294,434	318,092	318,092	380,667	380,667	406,944	436,589
Depreciation & asset impairment	18,773	18,632	21,457	19,000	19,000	19,000	21,000	21,000	22,711	23,931
Renewal of Existing Assets	—	—	—	23,404	19,964	19,964	19,964	13,615	900	2,105
Repairs and Maintenance	14,306	18,518	22,004	29,484	26,634	26,634	26,477	26,477	27,907	31,488
Free services										
Cost of Free Basic Services provided	—	—	—	—	—	—	—	—	—	—
Revenue cost of free services provided	—	—	—	726	726	726	726	726	1,529	1,611
Households below minimum service level										
Water:	—	—	—	—	—	—	—	—	—	—
Sanitation/sewerage:	0	0	0	0	0	0	0	0	0	—
Energy:	15	15	—	15	15	15	15	15	15	15
Refuse:	28	28	28	28	28	28	28	28	31	33

Explanatory notes to MBRR Table A1 - Budget Summary

Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard.

The operating surplus/deficit (after Total Expenditure) is positive over the MTREF Capital expenditure is balanced by capital funding sources, of which Transfers recognised are reflected on the Financial Performance Budget.

Borrowing is incorporated in the net cash from financing on the Cash Flow Budget Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2016/17, when a small surplus as reflected.

Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN291 Mandeni - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)										
Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard										
Governance and administration		112,239	119,667	147,001	151,226	151,226	151,226	159,318	170,736	181,482
Executive and council		18	71	20	6,140	6,140	6,140	6,678	7,002	7,346
Budget and treasury office		112,058	119,565	146,981	145,086	145,086	145,086	152,640	163,734	174,136
Corporate services		163	32	-	-	-	-	-	-	-
Community and public safety		1,067	1,582	3,352	3,087	3,587	3,587	5,347	5,611	5,888
Community and social services		880	1,453	2,518	2,181	2,181	2,181	1,887	1,964	2,044
Sport and recreation		5	27	12	12	12	12	12	13	13
Public safety		87	102	822	893	1,393	1,393	3,448	3,634	3,830
Housing		-	-	-	-	-	-	-	-	-
Health		94	-	-	-	-	-	-	-	-
Economic and environmental services		23,152	35,708	51,098	309	309	309	390	411	433
Planning and development		23,152	35,708	51,098	309	309	309	390	411	433
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		19,707	17,802	25,814	48,186	48,186	48,186	38,686	72,535	80,492
Electricity		12,310	11,854	19,550	36,243	36,243	36,243	25,766	58,187	64,693
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		7,397	5,948	6,264	11,943	11,943	11,943	12,920	14,348	15,799
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	156,164	174,758	227,265	202,807	203,307	203,307	203,740	249,292	268,295
Expenditure - Standard										
Governance and administration		69,779	96,042	115,910	89,319	86,919	86,919	100,713	105,492	112,507
Executive and council		24,055	33,001	31,592	35,617	35,067	35,067	34,731	38,056	40,178
Budget and treasury office		37,679	52,011	67,105	37,650	37,400	37,400	47,728	48,196	49,986
Corporate services		8,044	11,030	17,212	16,051	14,451	14,451	18,254	19,240	22,343
Community and public safety		9,555	15,883	25,784	26,973	26,273	26,273	26,160	27,573	29,120
Community and social services		5,049	8,985	10,294	9,103	9,103	9,103	9,506	10,020	10,591
Sport and recreation		461	549	686	760	760	760	1,430	1,508	1,591
Public safety		3,569	6,059	14,514	17,109	16,409	16,409	15,223	16,045	16,939
Housing		1	9	9	-	-	-	-	-	-
Health		476	282	282	-	-	-	-	-	-
Economic and environmental services		24,104	33,185	39,954	46,409	43,309	43,309	43,839	48,059	50,716
Planning and development		14,175	20,912	24,679	26,048	24,448	24,448	26,750	28,798	30,383
Road transport		5,546	6,806	8,662	13,364	11,864	11,864	10,616	12,439	13,131
Environmental protection		4,383	5,467	6,613	6,998	6,998	6,998	6,473	6,822	7,201
Trading services		18,089	19,887	26,962	40,038	43,688	43,688	33,028	68,168	76,713
Electricity		10,637	11,957	19,521	34,990	34,690	34,690	24,848	57,871	65,851
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		7,452	7,929	7,441	5,048	8,998	8,998	8,180	10,298	10,863
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	121,528	164,996	208,611	202,738	200,188	200,188	203,740	249,292	268,295
Surplus/(Deficit) for the year		34,636	9,762	18,654	69	3,119	3,119	0	0	0

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile 'whole of government' reports.

Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget & Treasury Office.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**KZN291 Mandeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Revenue by Vote	1									
Vote 1 - Executive and Council		18	71	20	6,140	6,140	6,140	6,678	7,002	7,346
Vote 2 - Budget and Terasury		112,058	119,565	146,981	145,086	145,086	145,086	152,640	163,734	174,136
Vote 3 - Corporate Services		163	32	—	—	—	—	—	—	—
Vote 4 - Community and Social Services		880	1,453	2,518	2,181	2,181	2,181	1,887	1,964	2,044
Vote 5 - Sport and Recreation		5	27	12	12	12	12	12	13	13
Vote 6 - Public Safety		87	102	822	893	1,393	1,393	3,448	3,634	3,830
Vote 7 - Housing		—	—	—	—	—	—	—	—	—
Vote 8 - Health		94	—	—	—	—	—	—	—	—
Vote 9 - Planning and Development		23,152	35,708	51,098	309	309	309	390	411	433
Vote 10 - Environmental Protection		—	—	—	—	—	—	—	—	—
Vote 11 - Road transport		—	—	—	—	—	—	—	—	—
Vote 12 - Waste Management		7,397	5,948	6,264	11,943	11,943	11,943	12,920	14,348	15,799
Vote 13 - Electricity		12,310	11,854	19,550	36,243	36,243	36,243	25,766	58,187	64,693
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—
Total Revenue by Vote	2	156,164	174,758	227,265	202,807	203,307	203,307	203,740	249,292	268,295
Expenditure by Vote to be appropriate	1									
Vote 1 - Executive and Council		24,055	33,001	31,592	35,617	35,067	35,067	34,731	38,056	40,178
Vote 2 - Budget and Terasury		37,679	52,011	67,105	37,650	37,400	37,400	47,728	48,196	49,986
Vote 3 - Corporate Services		8,044	11,030	17,212	16,051	14,451	14,451	18,254	19,240	22,343
Vote 4 - Community and Social Services		5,049	8,985	10,294	9,103	9,103	9,103	9,506	10,020	10,591
Vote 5 - Sport and Recreation		461	549	686	760	760	760	1,430	1,508	1,591
Vote 6 - Public Safety		3,569	6,059	14,514	17,109	16,409	16,409	15,223	16,045	16,939
Vote 7 - Housing		1	9	9	—	—	—	—	—	—
Vote 8 - Health		476	282	282	—	—	—	—	—	—
Vote 9 - Planning and Development		14,175	20,912	24,679	26,048	24,448	24,448	26,750	28,798	30,383
Vote 10 - Environmental Protection		4,383	5,467	6,613	6,998	6,998	6,998	6,473	6,822	7,201
Vote 11 - Road transport		5,546	6,806	8,662	13,364	11,864	11,864	10,616	12,439	13,131
Vote 12 - Waste Management		7,452	7,929	7,441	5,048	8,998	8,998	8,180	10,298	10,863
Vote 13 - Electricity		10,637	11,957	19,521	34,990	34,690	34,690	24,848	57,871	65,851
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—
Total Expenditure by Vote	2	121,528	164,996	208,611	202,738	200,188	200,188	203,740	249,292	268,295
Surplus/(Deficit) for the year	2	34,636	9,762	18,654	69	3,119	3,119	0	0	0

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the municipality.

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Re	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year	Budget Year +1	Budget Year +2
Revenue By Source											
Property rates	2	33,472	27,411	29,125	26,770	26,770	26,770	26,770	28,937	30,499	32,146
Property rates - penalties & collection charges		5,135	5,477	10,407	—	—	—	—	—	—	—
Service charges - electricity revenue	2	11,213	11,715	11,990	14,713	14,713	14,713	14,713	12,236	31,896	33,619
Service charges - water revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	5,587	5,947	6,263	6,943	6,943	6,943	6,943	7,920	8,348	8,799
Service charges - other		—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		270	267	273	201	201	201	201	305	321	339
Interest earned - external investments		2,809	3,564	3,306	3,000	3,000	3,000	3,000	3,570	3,763	3,966
Interest earned - outstanding debtors		—	—	—	6,000	6,000	6,000	6,000	7,500	9,435	10,997
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines		93	779	2,248	505	505	505	505	2,105	2,219	2,338
Licences and permits		15	45	698	300	800	800	800	1,255	1,322	1,394
Agency services		—	—	—	—	—	—	—	—	—	—
Transfers recognised - operational		93,022	114,788	155,443	143,970	143,970	143,970	143,970	139,308	160,812	173,983
Other revenue	2	4,547	4,765	7,511	405	405	405	405	605	677	714
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers)		156,163	174,757	227,265	202,807	203,307	203,307	203,307	203,740	249,292	268,295
Expenditure By Type											
Employee related costs	2	32,510	48,706	64,493	60,614	60,614	60,614	60,614	67,960	71,629	75,784
Remuneration of councillors		8,029	9,159	9,644	11,292	11,292	11,292	11,292	12,580	13,259	14,028
Debt impairment	3	7,104	17,857	20,109	3,218	3,218	3,218	3,218	3,629	3,825	4,032
Depreciation & asset impairment	2	18,773	18,632	21,457	19,000	19,000	19,000	19,000	21,000	22,711	23,931
Finance charges		—	—	—	—	—	—	—	1,810	1,908	2,011
Bulk purchases	2	7,437	8,128	8,112	12,556	12,056	12,056	12,056	9,596	30,115	34,007
Other materials	8	8,708	10,451	11,768	19,180	16,330	16,330	16,330	14,924	15,730	18,604
Contracted services		10,039	10,971	21,270	15,345	18,495	18,495	18,495	16,352	17,804	18,747
Transfers and grants		3,934	3,866	12,291	19,600	19,600	19,600	19,600	11,150	23,432	27,278
Other expenditure	4, 5	25,150	36,960	39,459	41,932	39,582	39,582	39,582	44,740	48,879	49,872
Loss on disposal of PPE		(156)	265	8	—	—	—	—	—	—	—
Total Expenditure		121,528	164,996	208,611	202,738	200,188	200,188	200,188	203,740	249,292	268,295
Surplus/(Deficit)											
Transfers recognised - capital	6	—	—	—	43,886	43,886	43,886	43,886	33,757	34,556	35,993
Contributions recognised - capital		—	—	—	—	—	—	—	—	—	—
Contributed assets		—	—	—	—	—	—	—	—	—	—
contributions		34,636	9,761	18,653	43,955	47,005	47,005	47,005	33,757	34,556	35,993
Taxation		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation		34,636	9,761	18,653	43,955	47,005	47,005	47,005	33,757	34,556	35,993
Attributable to minorities		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		34,636	9,761	18,653	43,955	47,005	47,005	47,005	33,757	34,556	35,993
Share of surplus/ (deficit) of associate	7	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year		34,636	9,761	18,653	43,955	47,005	47,005	47,005	33,757	34,556	35,993

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

Total revenue is R203.7 million in 2016/17 and escalates to R249.2 million by 2017/18. This represents a year-on-year increase of 22.36 per cent for the 2017/18 financial year and 7.6 per cent for the 2018/19 financial year.

Revenue to be generated from property rates is R28.9 million in the 2016/17 financial year and increases to R30.5 million by 2017/18 which represents 14.21 per cent of the operating revenue base of the Municipality. This represents a change due to implementation of the updated valuation roll (supplementary valuation roll) and proposed percentage increase. Although the Council decided to increase rates tariff, the market value of properties had an effect of an increase on rates.

Services charges relating to electricity and refuse removal constitutes the component of the revenue basket of the Municipality totaling R20.2 million for the 2016/17 financial year and increasing to R40.2 million by 2017/18. For the 2016/17 financial year services charges amount to 9.9 per cent of the total revenue base and grows by 100 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and the agreement between the Municipality and Umngeni water for the Thukela water works project.

Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government have reduced rapidly over the MTREF by 3.24 per cent and then increases by 15.44 percent to 8.19 per cent for the two outer years.

Bulk purchases have significantly decreased over the 2016/17 to 2017/18 period escalating from R9.6 million to R30.1 million. This decrease can be attributed to the substantial actuals in the cost of bulk electricity from Eskom and the actual performance of prior year.

Employee related costs and other expenditure are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and other expenditure increases in future years.

Fines have been increased from R505 to R2, 1 million; increase of 316.83 percent proposal is based on the previous year actual performance of billing for fines.

Licenses & Permits have increased from R800 to R1.3 million based on the previous year actual collection and performance.

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Re	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		—	—	—	—	—	—	—	—	—	—
Vote 2 - Budget and Terasury		—	—	—	—	—	—	—	—	—	—
Vote 3 - Corporate Services		—	—	—	—	—	—	—	—	—	—
Vote 4 - Community and Social Services		—	—	—	—	—	—	—	—	—	—
Vote 5 - Sport and Recreation		—	—	—	—	—	—	—	—	—	—
Vote 6 - Public Safety		—	—	—	—	—	—	—	—	—	—
Vote 7 - Housing		—	—	—	—	—	—	—	—	—	—
Vote 8 - Health		—	—	—	—	—	—	—	—	—	—
Vote 9 - Planning and Development		—	—	—	—	—	—	—	—	—	—
Vote 10 - Environmental Protection		—	—	—	—	—	—	—	—	—	—
Vote 11 - Road transport		—	—	—	—	—	—	—	—	—	—
Vote 12 - Waste Management		—	—	—	—	—	—	—	—	—	—
Vote 13 - Electricity		—	—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—
Capital multi-year expenditure sub-total	7	—	—	—	—	—	—	—	—	—	—
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		—	—	—	83	83	83	83	—	—	—
Vote 2 - Budget and Terasury		(9,841)	—	—	137	137	137	137	—	—	—
Vote 3 - Corporate Services		—	—	—	1,080	1,080	1,080	1,080	2,160	—	—
Vote 4 - Community and Social Services		57	57	57	5,453	1,713	1,713	1,713	2,150	3,706	112
Vote 5 - Sport and Recreation		—	—	—	1,544	670	670	670	750	200	—
Vote 6 - Public Safety		—	—	—	529	—	—	—	—	—	—
Vote 7 - Housing		—	—	—	—	—	—	—	—	—	—
Vote 8 - Health		—	—	—	—	—	—	—	—	—	—
Vote 9 - Planning and Development		2,773	2,773	2,773	25,423	17,273	17,273	17,273	8,665	—	—
Vote 10 - Environmental Protection		—	—	—	—	—	—	—	200	—	—
Vote 11 - Road transport		12,511	12,511	12,511	45,263	40,263	40,263	40,263	35,757	34,556	37,993
Vote 12 - Waste Management		—	—	—	1,100	—	—	—	—	—	—
Vote 13 - Electricity		—	—	—	1,500	3,500	3,500	3,500	1,500	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—
Capital single-year expenditure sub-total		5,501	15,342	15,342	82,112	64,719	64,719	64,719	51,182	38,462	38,105
Total Capital Expenditure - Vote		5,501	15,342	15,342	82,112	64,719	64,719	64,719	51,182	38,462	38,105
Capital Expenditure - Standard											
Governance and administration		(9,841)	—	—	1,300	1,300	1,300	1,300	2,160	—	—
Executive and council		—	—	—	83	83	83	83	—	—	—
Budget and treasury office		(9,841)	—	—	137	137	137	137	—	—	—
Corporate services		—	—	—	1,080	1,080	1,080	1,080	2,160	—	—
Community and public safety		57	57	57	7,526	2,383	2,383	2,383	2,900	3,906	112
Community and social services		57	57	57	5,453	1,713	1,713	1,713	2,150	3,706	112
Sport and recreation		—	—	—	1,544	670	670	670	750	200	—
Public safety		—	—	—	529	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—
Economic and environmental services		15,285	15,285	15,285	70,686	57,536	57,536	57,536	44,622	34,556	37,993
Planning and development		2,773	2,773	2,773	25,423	17,273	17,273	17,273	8,665	—	—
Road transport		12,511	12,511	12,511	45,263	40,263	40,263	40,263	35,757	34,556	37,993
Environmental protection		—	—	—	—	—	—	—	200	—	—
Trading services		—	—	—	2,600	3,500	3,500	3,500	1,500	—	—
Electricity		—	—	—	1,500	3,500	3,500	3,500	1,500	—	—
Water		—	—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—	—
Waste management		—	—	—	1,100	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—	—
Total Capital Expenditure - Standard	3	5,501	15,342	15,342	82,112	64,719	64,719	64,719	51,182	38,462	38,105
Funded by:											
National Government		—	—	—	43,886	43,886	43,886	—	33,757	34,556	35,993
Provincial Government		—	—	—	—	—	—	—	—	—	—
District Municipality		—	—	—	—	—	—	—	—	—	—
Other transfers and grants		—	—	—	—	—	—	—	—	—	—
Transfers recognised - capital	4	—	—	—	43,886	43,886	43,886	—	33,757	34,556	35,993
Public contributions & donations	5	—	—	—	—	—	—	—	—	—	—
Borrowing	6	—	—	—	—	—	—	—	—	—	—
Internally generated funds		25,182	25,182	25,182	38,226	25,833	25,833	25,833	17,425	3,906	2,112
Total Capital Funding	7	25,182	25,182	25,182	82,112	69,719	69,719	25,833	51,182	38,462	38,105

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding source necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Table 17 MBRR Table A6 - Budgeted Financial Position

KZN291 Mandeni - Table A6 Budgeted Financial Position											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
ASSETS											
Current assets											
Cash		13,671	619	936	5,000	2,000	2,000	2,000	556	5,000	6,000
Call investment deposits	1	59,803	60,287	28,123	68,868	23,361	23,361	23,361	5,038	5,912	11,361
Consumer debtors	1	29,292	27,812	28,564	46,000	6,709	6,709	6,709	39,211	50,211	61,211
Other debtors		84	1,534	8,182	3,000				3,000	3,000	3,000
Current portion of long-term receivables						4,345	4,345	4,345			
Inventory	2	499	667	638		638	638	638	500	500	500
Total current assets		103,349	90,919	66,443	122,868	37,052	37,052	37,052	48,305	64,623	82,072
Non current assets											
Long-term receivables											
Investments											
Investment property		23,163	46,606	46,606	23,211	46,606	46,606	46,606	46,606	46,606	46,606
Investment in Associate											
Property, plant and equipment	3	231,763	260,710	308,591	297,352	370,328	370,328	370,328	411,303	413,983	436,909
Agricultural											
Biological											
Intangible		69		338	73	336	336	336	338	338	338
Other non-current assets											
Total non current assets		254,995	307,316	355,535	320,636	417,269	417,269	417,269	458,247	460,927	483,853
TOTAL ASSETS		358,343	398,235	421,978	443,504	454,322	454,322	454,322	506,553	525,550	565,925
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	—	164	193	—	194	194	194	1,210	1,300	1,500
Consumer deposits		1,341	1,537	1,650	1,444	1,649	1,649	1,649	—		
Trade and other payables	4	16,831	24,772	18,672	2,553	17,790	17,790	17,790	27,000	7,000	7,000
Provisions		2,428		5,802	13,600	—			5,699	8,318	9,000
Total current liabilities		20,600	26,473	26,317	17,597	19,632	19,632	19,632	33,909	16,618	17,500
Non current liabilities											
Borrowing		—	405	212	—	212	212	212	2,660	2,000	1,500
Provisions		9,731	10,986	15,267	13,000	15,267	15,267	15,267	17,000	20,000	24,000
Total non current liabilities		9,731	11,391	15,479	13,000	15,479	15,479	15,479	19,660	22,000	25,500
TOTAL LIABILITIES		30,331	37,864	41,796	30,597	35,110	35,110	35,110	53,569	38,618	43,000
NET ASSETS	5	328,012	360,371	380,182	412,907	419,211	419,211	419,211	452,984	486,932	522,925
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		326,341	358,648	378,398	411,107	417,427	417,427	417,427	451,184	485,740	521,733
Reserves	4	1,673	1,723	1,784	1,800	1,784	1,784	1,784	1,800	1,800	1,800
TOTAL COMMUNITY WEALTH/EQUITY	5	328,014	360,371	380,182	412,907	419,211	419,211	419,211	452,984	487,540	523,533

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7 - Budgeted Cash Flow Statement

KZN291 Mandeni - Table A7 Budgeted Cash Flows											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		18,833	41,718	31,613	22,862	17,400	17,400	17,400	19,180	20,216	21,307
Service charges		19,175	116	13,741	16,190	17,755	17,755	17,755	13,360	45,675	48,116
Other revenue		—	—	61	1,412	12,412	12,412	12,412	2,186	2,343	2,469
Government - operating	1	94,031	118,166	147,652	143,970	143,970	143,970	143,970	139,308	160,812	173,983
Government - capital	1				43,886	43,886	43,886	43,886	33,757	34,556	35,993
Interest		2,763	3,514	3,245	3,000	3,000	3,000	3,000	3,945	4,235	4,516
Dividends									—	—	—
Payments											
Suppliers and employees		(94,791)	(127,874)	(158,379)	(160,920)	(155,957)	(155,957)	(155,957)	(166,151)	(197,416)	(211,043)
Finance charges		—							(1,810)	(1,908)	(2,011)
Transfers and Grants	1				(19,600)	(19,600)	(19,600)	(19,600)	(11,150)	(23,432)	(27,278)
NET CASH FROM/(USED) OPERATING ACTIVITIES		40,011	35,641	37,932	50,800	62,866	62,866	62,866	32,625	45,081	46,053
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		738		177					—	—	—
Decrease (Increase) in non-current debtors									—	—	—
Decrease (increase) other non-current receivables									—	—	—
Decrease (increase) in non-current investments		—	(484)						—	—	—
Payments											
Capital assets		(30,511)	(47,775)	(69,854)	(82,112)	(64,719)	(64,719)	(64,719)	(51,182)	(38,462)	(38,105)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(29,773)	(48,259)	(69,677)	(82,112)	(64,719)	(64,719)	(64,719)	(51,182)	(38,462)	(38,105)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		46	50	61					—	—	—
Borrowing long term/refinancing									—	—	—
Increase (decrease) in consumer deposits						(1,650)	(1,650)	(1,650)	—	—	—
Payments											
Repayment of borrowing		—		(164)		(194)	(194)	(194)	(1,210)	(1,300)	(1,500)
NET CASH FROM/(USED) FINANCING ACTIVITIES		46	50	(103)	—	(1,843)	(1,843)	(1,843)	(1,210)	(1,300)	(1,500)
NET INCREASE/ (DECREASE) IN CASH HELD		10,284	(12,568)	(31,848)	(31,312)	(3,696)	(3,696)	(3,696)	(19,767)	5,318	6,448
Cash/cash equivalents at the year begin:	2	63,190	73,474	60,905	59,798	29,057	29,057	29,057	25,361	5,594	10,912
Cash/cash equivalents at the year end:	2	73,474	60,905	29,057	28,486	25,361	25,361	25,361	5,594	10,912	17,361

Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	73,474	60,905	29,057	28,486	25,361	25,361	25,361	5,594	10,912	17,361
Other current investments > 90 days		0	—	2	45,382	0	0	0	(0)	(0)	0
Non current assets - Investments	1	—	—	—	—	—	—	—	—	—	—
Cash and investments available:		73,474	60,905	29,059	73,868	25,361	25,361	25,361	5,594	10,912	17,361
Application of cash and investments											
Unspent conditional transfers		11,133	15,297	7,318	—	7,318	7,318	7,318	16,000	2,000	2,000
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2	—	—	—	10,000	—	—	—	—	—	—
Other working capital requirements	3	—	—	—	—	—	—	—	(13,084)	(37,858)	(46,096)
Other provisions		—	1,784	—	—	—	—	—	—	—	—
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	1,341	1,537	1,650	12,280	1,784	1,784	1,784	1,800	1,800	1,800
Total Application of cash and investments:		12,474	18,618	8,968	22,280	9,102	9,102	9,102	4,716	(34,058)	(42,296)
Surplus(shortfall)		61,000	42,287	20,091	51,588	16,259	16,259	16,259	878	44,970	59,657

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. Increases (decrease) in consumer deposits of R1; 7 million in 2015/16 financial are the deposits that were paid by debtors for electricity connection. The municipality has converted the electricity to prepaid metering system; therefore deposits will be refunded to the debtors.
4. Rental of facilities and equipment the municipality anticipates a 100 per cent collection rate as rentals are collected prior the event and lease of municipal properties to employee are deducted on their salaries.
5. Interest on outstanding debtors a collection rate of 5 per cent has been applied, taking into consideration the implementation of prepaid system for electricity as the consumers are expected to clear the accounts before they convert to pre-paid.
6. Fines a collection rate of 1 per cent has been applied, as we have taken into consideration the current performance of actual cash collections for fines.
7. Licenses and permits a 100 percent collection rate has been applied due to their actual performance and performance of the traffic department.

Notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 20 MBRR Table A9 - Asset Management

KZN291 Mandeni - Table A9 Asset Management										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	48,626	48,626	48,626	58,708	44,755	44,755	37,567	37,562	36,000
Infrastructure - Road transport		42,164	42,164	42,164	34,263	34,263	34,263	33,757	34,556	35,993
Infrastructure - Electricity		6	6	6	—	—	—	—	—	—
Infrastructure - Water		—	—	—	—	—	—	—	—	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Infrastructure - Other		—	—	—	—	—	—	—	—	—
Infrastructure		42,170	42,170	42,170	34,263	34,263	34,263	33,757	34,556	35,993
Community		822	822	822	3,574	400	400	900	2,000	—
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets		—	—	—	—	—	—	—	—	—
Agricultural Assets	6	5,633	5,633	5,633	20,871	10,092	10,092	2,910	1,006	7
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	—	—	—
Total Renewal of Existing Assets	2	—	—	—	23,404	19,964	19,964	13,615	900	2,105
Infrastructure - Road transport		—	—	—	20,623	15,623	15,623	2,000	—	2,000
Infrastructure - Electricity		—	—	—	1,500	3,500	3,500	1,500	—	—
Infrastructure - Water		—	—	—	—	—	—	—	—	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Infrastructure - Other		—	—	—	—	—	—	—	—	—
Infrastructure		—	—	—	22,123	19,123	19,123	3,500	—	2,000
Community		—	—	—	1,131	691	691	1,500	900	105
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6	—	—	—	150	150	150	8,555	—	—
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	60	—	—
Total Capital Expenditure	4	42,164	42,164	42,164	54,886	49,886	49,886	35,757	34,556	37,993
Infrastructure - Road transport		6	6	6	1,500	3,500	3,500	1,500	—	—
Infrastructure - Electricity		—	—	—	—	—	—	—	—	—
Infrastructure - Water		—	—	—	—	—	—	—	—	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Infrastructure - Other		—	—	—	—	—	—	—	—	—
Infrastructure		42,170	42,170	42,170	56,386	53,386	53,386	37,257	34,556	37,993
Community		822	822	822	4,705	1,091	1,091	2,400	2,900	105
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6	5,633	5,633	5,633	21,021	10,242	10,242	11,465	1,006	7
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	60	—	—
TOTAL CAPITAL EXPENDITURE - Asset	2	48,626	48,626	48,626	82,112	64,719	64,719	51,182	38,462	38,105
ASSET REGISTER SUMMARY - PPE (WD	5									
Infrastructure - Road transport		171,050	188,796	227,076	200,000	200,000	200,000	243,701	264,740	274,945
Infrastructure - Electricity		1,734	4,032	6,260	4,000	4,000	4,000	7,260	8,260	9,500
Infrastructure - Water		—	—	—	—	—	—	—	—	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Infrastructure - Other		4,919	3,053	708	650	650	650	800	1,000	1,200
Infrastructure		177,703	195,880	234,044	204,650	204,650	204,650	251,761	274,000	285,645
Community		45,964	48,495	54,962	55,000	55,000	55,000	59,962	63,000	80,000
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		23,163	46,606	46,606	23,211	46,606	46,606	46,606	46,606	46,606
Other assets		8,096	16,335	19,585	11,500	11,500	11,500	22,000	23,000	24,000
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		69	—	338	73	336	336	338	338	338
TOTAL ASSET REGISTER SUMMARY - PPE	5	254,995	307,316	355,535	294,434	318,092	318,092	380,667	406,944	436,589
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		18,773	18,632	21,457	19,000	19,000	19,000	21,000	22,711	23,931
Repairs and Maintenance by Asset Class	3	14,306	18,518	22,004	29,484	26,634	26,634	26,477	27,907	31,488
Infrastructure - Road transport		7,762	10,540	13,878	17,429	16,929	16,929	16,003	16,867	17,827
Infrastructure - Electricity		821	759	956	1,500	1,300	1,300	1,000	1,054	1,111
Infrastructure - Water		—	—	—	—	—	—	—	—	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Infrastructure - Other		—	—	—	—	—	—	—	—	—
Infrastructure		8,583	11,299	14,834	18,929	18,229	18,229	17,003	17,921	18,938
Community		2,559	4,492	3,084	3,980	3,980	3,980	3,780	3,984	4,200
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6, 7	3,164	2,728	4,087	6,574	4,424	4,424	5,694	6,001	8,350
TOTAL EXPENDITURE OTHER ITEMS		33,080	37,150	43,461	48,484	45,634	45,634	47,477	50,618	55,419
Renewal of Existing Assets as % of total capital expenditure		0.0%	0.0%	0.0%	28.5%	30.8%	30.8%	26.6%	2.3%	5.5%
Renewal of Existing Assets as % of depreciation		0.0%	0.0%	0.0%	123.2%	105.1%	105.1%	64.8%	4.0%	8.8%
R&M as a % of PPE		6.2%	7.1%	7.1%	9.9%	7.6%	7.6%	7.0%	7.1%	7.5%
Renewal and R&M as a % of PPE		6.0%	6.0%	6.0%	18.0%	15.0%	15.0%	11.0%	7.0%	8.0%

Explanatory notes to Table A9 - Asset Management

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The budget for renewal and existing assets is below 40 per cent as per National Treasury guideline due to Neighborhood Development Grant (NDPG) and Massification Grant that have been withheld in 2016/17 Division of revenue Bill and Provincial Gazette.

Table 21 MBRR Table A10 - Basic Service Delivery Measurement

KZN291 Mandeni - Table A10 Basic service delivery measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets	1									
Water:										
Piped water inside dwelling		9,851	9,851	9,851	9,851	9,851	9,851	10,501	11,152	11,810
Piped water inside yard (but not in dwelling)		10,902	10,902	10,902	10,902	10,902	10,902	11,622	12,385	13,116
Using public tap (at least min.service level)	2	—	—	—	—	—	—	—	—	—
Other water supply (at least min.service level)	4	17,482	17,482	17,482	17,482	17,482	17,482	18,636	19,791	20,821
<i>Minimum Service Level and Above sub-total</i>		38,235	38,235	38,235	38,235	38,235	38,235	40,759	43,329	45,746
Using public tap (< min.service level)	3	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—	—
No water supply		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—	—
Total number of households	5	38,235	38,235	38,235	38,235	38,235	38,235	40,759	43,329	45,746
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		11,313	11,313	11,313	11,313	11,313	11,313	12,060	12,807	13,563
Flush toilet (with septic tank)		—	—	—	—	—	—	—	—	—
Chemical toilet		8,587	8,587	8,587	8,587	8,587	8,587	9,154	9,721	10,295
Pit toilet (ventilated)		15,173	15,173	15,173	15,173	15,173	15,173	16,174	17,177	18,191
Other toilet provisions (> min.service level)		2,690	2,690	2,690	2,690	2,690	2,690	2,868	3,045	3,255
<i>Minimum Service Level and Above sub-total</i>		37,763	37,763	37,763	37,763	37,763	37,763	40,255	42,751	45,304
Bucket toilet		472	472	472	472	472	472	472	300	—
Other toilet provisions (< min.service level)		—	—	—	—	—	—	—	—	—
No toilet provisions		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		472	472	472	472	472	472	472	300	—
Total number of households	5	38,235	38,235	38,235	38,235	38,235	38,235	40,727	43,051	45,304
Energy:										
Electricity (at least min.service level)		1,009	1,009	—	1,053	1,053	1,053	1,040	1,040	1,040
Electricity - prepaid (min.service level)		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		1,009	1,009	—	1,053	1,053	1,053	1,040	1,040	1,040
Electricity (< min.service level)		—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)		2,560	2,560	—	2,560	2,560	2,560	2,560	2,560	2,560
Other energy sources		12,500	12,500	—	12,500	12,500	12,500	12,500	12,500	12,500
<i>Below Minimum Service Level sub-total</i>		15,060	15,060	—	15,060	15,060	15,060	15,060	15,060	15,060
Total number of households	5	16,069	16,069	—	16,113	16,113	16,113	16,100	16,100	16,100
Refuse:										
Removed at least once a week		10,508	10,508	10,508	10,508	10,508	10,508	11,705	12,430	13,164
<i>Minimum Service Level and Above sub-total</i>		10,508	10,508	10,508	10,508	10,508	10,508	11,705	12,430	13,164
Removed less frequently than once a week		655	655	655	655	655	655	655	742	785
Using communal refuse dump		1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,508	1,597
Using own refuse dump		23,114	23,114	23,114	23,114	23,114	23,114	23,114	26,167	27,711
Other rubbish disposal		1,915	1,915	1,915	1,915	1,915	1,915	1,915	2,168	2,296
No rubbish disposal		711	711	711	711	711	711	711	711	711
<i>Below Minimum Service Level sub-total</i>		27,727	27,727	27,727	27,727	27,727	27,727	27,727	31,296	33,100
Total number of households	5	38,235	38,235	38,235	38,235	38,235	38,235	39,432	43,726	46,264
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free minimum level service)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per household per month)		—	—	—	—	—	—	—	—	—
Refuse (removed at least once a week)		—	—	—	—	—	—	—	—	—
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free sanitation service to indigent households)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per indigent household per month)		—	—	—	—	—	—	—	—	—
Refuse (removed once a week for indigent households)		—	—	—	—	—	—	—	—	—
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		—	—	—	—	—	—	—	—	—
Highest level of free service provided per household										
Property rates (R value threshold)		—	—	—	—	—	—	—	—	—
Water (kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (Rand per household per month)		—	—	—	—	—	—	—	—	—
Electricity (kw h per household per month)		—	—	—	—	—	—	—	—	—
Refuse (average litres per week)		—	—	—	—	—	—	—	—	—
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		—	—	—	726	726	726	726	774	816
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		—	—	—	—	—	—	—	—	—
Water (in excess of 6 kilolitres per indigent household per month)		—	—	—	—	—	—	—	—	—
Sanitation (in excess of free sanitation service to indigent households)		—	—	—	—	—	—	—	—	—
Electricity/other energy (in excess of 50 kwh per indigent household per month)		—	—	—	—	—	—	—	—	—
Refuse (in excess of one removal a week for indigent households)		—	—	—	—	—	—	—	—	—
Municipal Housing - rental rebates		—	—	—	—	—	—	—	—	—
Housing - top structure subsidies		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Total revenue cost of subsidised services provided	6	—	—	—	726	726	726	726	774	816

Explanatory notes to Table A10 - Basic Service Delivery Measurement

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

The Municipality continues to make good progress with the eradication of backlogs in the area as it is estimated approximately 8 000 households:

Electricity services – backlog will be reduced by 1236 households. As indicated in the IDP, the emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised; with 1500 households budgeted to be electrified in 2016/17.

Refuse services – backlog will be reduced by 1107 households in 2016/17, and a further 87 households in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.

The budget provides for 150 households to be registered as indigent in 2016/17, and therefore entitled to receiving Free Basic Services. The number is set to increase to 1200 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.

It is anticipated that these Free Basic Services will cost the municipality R 60, 000 in 2016/17, increasing to R685, 100 in 2017/18. This is covered by the municipality's equitable share allocation from national government.

In addition to the Free Basic Services, the Municipality also 'gives' households R10 million in free basic service electricity through an electrification programme in 2016/17, and it increases to R15 million in 2017/18. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 5 per cent of total operating revenue.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Portfolio Committee for Finance.

The primary aims of the Budget Steering Committee are to ensure: that the process followed to compile the budget complies with legislation and good budget practices; that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality; that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Budget Steering Committee meetings were convened during the process of compiling the 2016/17 budget and MTREF.

2.2 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2015) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 28 August 2015. Key dates applicable to the process were:

August 2015 – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritization criteria for the compilation of the 2016/17 MTREF; IDP/BUDGET/PMS Technical Committee Meeting to discuss Process Plan

September 2015 – Review of National Policies and budget plans and potential price increase of bulk resources with function and department officials

December 2015 - Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;

3 to 7 January 2016 - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;

January 2016 – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;

25 January 2016 - Council considers the 2015/16 Mid-year Review;

February 2016 - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The 2015/16 MTREF is revised accordingly;

24 February 2016 – Council considers the 2015/16 Adjustment Budget

February 2015 - Finalize and submit to the Mayor proposed budget and plans for next three year budget taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for previous years audited AFS and AR

30 March 2016 - Tabling in Council of the 2016/17 IDP and Budget MTREF for public consultation;

April 2016 – Public consultation;

29th April 2016 - Closing date for written comments;

01 April to 07 May 2016 – finalization of the 2016/17 IDP and 2016/17 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and

31 May 2016 - Tabling of the 2016/17 & MTREF before Council for consideration and approval.

2.3 IDP and Service Delivery and Budget Implementation Plan

This is the fifth generation of the municipal IDP as the last IDP was adopted by Council in May 2006. It started in September 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2016/17 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the third generation included the following key IDP processes and deliverables:

Registration of community needs;

Compilation of departmental business plans including key performance indicators and targets;

Financial planning and budgeting process;

Public participation process;

Compilation of the SDBIP, and

The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2016/17 MTREF, based on the approved 2015/16 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.3.1 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

Municipality growth
Policy priorities and strategic objectives
Asset maintenance
Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
Performance trends
The approved 2015/16 adjustments budget and performance against the SDBIP
Cash Flow Management Strategy
Debtor payment levels
Loan and investment possibilities
The need for tariff increases versus the ability of the community to pay for services;
Improved and sustainable service delivery
Dashboard imperatives
Disaster management mandate
Traffic Department
Vacant positions
Indigent customers
Job evaluation result

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 58, 59, 66 and 67,70,71,72, 74,75,78 and 79 has been taken into consideration in the planning and prioritisation process.

2.3.2 Community Consultation

The Budget 2016/17 MTREF is tabled before Council on 30th March 2016 for community consultation and it was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. The opportunity to give electronic feedback was communicated on the Municipality's website, and the Municipality's call centre was engaged in collecting inputs via e-mail, fax and SMS.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 01 April to 30 April 2016, and include 8 public briefing sessions. The applicable dates and venues were published in all the local newspapers. This was then compared to the previous year's process. This then attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

2.4 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Development Plan (NDP).

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's strategic objectives for the 2016/17 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM OBJECTIVE	STRATEGIC OBJECTIVE	STRATEGIES	RESPONSIBLE DEPARTMENT	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION							
GGPP 01	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	TO FOSTER A CULTURE OF COMMUNITY INVOLVEMENT AND GOOD GOVERNANCE IN THE AFFAIRS OF THE MUNICIPALITY	2.3 Ensure a participative, transparent and accountable governance		2.3.1 Improve the public participation processes	Community services	
GGPP 02						OMM	
GGPP 03						2.3.2 Ensure the existence and functionality of the public participation structures	OMM
GGPP 04						2.3.3 Ensure functional municipal structures	Corporate services
GGPP 05							Office of the MM
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT							
BSD 01	BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Providing equal access to high quality sustainable basic infrastructure and services	1.1. To improve access to basic services		1.1.1. Facilitate the reduction of water and sanitation infrastructure and service backlogs.	TSD	
BSD 03					1.1.2 Facilitate access to electricity for all targeted	TSD	
BSD 04					1.1.3 Reduce the road and storm-water infrastructure	TSD	
BSD 05					1.1.4 Facilitate the reduction of the housing backlog	TSD	
BSD 18					1.1.5 Provide efficient waste collection and	TSD	
BSD 19					1.1.6 Maintain a functional Infrastructure Development	TSD	
BSD 22					1.1.7 To prepare a 3 year capital infrastructure funding plan	TSD	

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM OBJECTIVE	STRATEGIC STRATEGIES	RESPONSIBLE DEPARTMENT	
FINANCIAL VIABILITY AND MANAGEMENT						
FVM 01	FINANCIAL VIABILITY AND MANAGEMENT	TO DEVELOP A SUSTAINABLE AND EFFICIENT MUNICIPALITY BASED ON SOUND FINANCIAL MANAGEMENT	2.2 Ensure a financially viable municipality.	2.2.1 Improve the audit opinion	OMM	
FVM 03				2.2.2 Ensure the IDP aligned financial planning	BTO	
FVM 04				2.2.3 Effectively and efficiently manage the expenditure of the municipality	BTO	
FVM 09				2.2.4 Manage and increase the municipal revenue base	BTO	
FVM 13				2.2.5 Ensure that the municipality acquires	BTO	
FVM 14				2.2.6 Ensure a constant and accurate financial reporting.	BTO	
FVM 16					BTO	
COMMUNITY AND SOCIAL SERVICES DEVELOPMENT						
CSD 01	COMMUNITY AND SOCIAL SERVICES DEVELOPMENT	Providing and facilitating access to social services and facilities.	5.1 Ensure that our people have access to community facilities and services	5.1.1 Provide the library services 5.1.2 Facilitate the provision of new community facilities	CSPS	
CSD 02			5.2 Aspire to a healthy, safe and crime free area	5.2.1 Facilitate the provision of the community health facilities	CSPS	
CSD 03				5.2.2 Ensure the municipal contribution to HIV/AIDS	CSPS	
CSD 04				5.2.3 Improve on road safety	CSPS	
CSD 05				5.2.4 Ensure the municipal contribution to community	CSPS	
CSD 06				5.3.2 Design and implement sports, arts and	CSPS	
LOCAL ECONOMIC DEVELOPMENT						

LED 01	LOCAL ECONOMIC DEVELOPMENT	3. Promoting and facilitating human development	3.1 Achieve a holistic human development and capacitation for the realisation of skilled and employable workforce	3.1.1 Improve the community skills base	EDPH
LED 03				3.1.2 Ensure the empowerment of youth, women and people living with disabilities	EDPH
LED 04		4. Facilitate the creation of job opportunities	4.1 Facilitating the creation of employment opportunities for skilled and employable people	4.1.1 Implement the EPWP programme	EDPH
LED 06				4.1.2 Strategically plan for the local economic development	EDPH
				4.1.3 facilitate the implementation of the CWP	
LED 07				4.1.4 Coordinate the fight against poverty	EDPH
				4.1.5 Unlock the agricultural potential	
				4.1.6 Promote the manufacturing sector activities	
				4.1.7 Facilitate SMME development	
				4.1.8 Promote Mandeni to be a tourist destination.	

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM OBJECTIVE	STRATEGIC STRATEGIES	RESPONSIBLE DEPARTMENT
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION					
IDT 01	MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	2. Provision of effective, efficient, transparent and accountable leadership	2.1 Creating a conducive working environment	2.1.1 Maintain and improve the municipal policies	CSD
IDT 02				2.1.2 Ensure effective and efficient human resource management	CSD
IDT 03				2.1.3 Ensure effective and efficient human resource development	CSD
IDT 04				2.1.4 Improve performance	CSD
IDT 05				2.1.5 Improve information technology and document management systems	CSD
IDT 06				2.1.6 Improve on customer care	CSD
IDT 07				2.1.7 Maintain and improve municipal	CSD
IDT 08					
BACK TO BASICS –Cross cutting measures					
SDF 01	SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT	Promoting and facilitating environmental protection and sustainable spatial planning.	6.1 Realise a completely protected environment	6.1.1 Improve community awareness on environmental protection 6.1.2 Implement the coastal management plan	EDPH
			6.2 Facilitate a creation of a disaster ready community	6.2.1 Develop and adopt the disaster management plan 6.2.2 Create a community disaster awareness	
SDF 02			6.3 Ensure an integrated and aligned development planning	6.3.1 Implement the SDF 6.3.2 Implement the Dokodweni Local Area Development Plan	EDPH

SDF 03				6.3.3 Implement the Tugela Mouth Local Area Development Plan	EDPH
				6.3.4 Ensure the existence of the municipal land use guideline	
				6.3.5 Promote the municipal integrated planning	

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

Provision of quality basic services and infrastructure which includes, amongst others:

Provide electricity;

Provide housing;

Provide roads and storm water;

Provide Municipality planning services; and

Maintaining the infrastructure of the Municipality.

Economic growth and development that leads to sustainable job creation by:

Ensuring there is a clear structural plan for the Municipality;

Ensuring planning processes function in accordance with set timeframes;

Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1. Fight poverty and build clean, healthy, safe and sustainable communities:

Effective implementation of the Indigent Policy;

Working with the provincial department of health to provide primary health care services;

Extending waste removal services and ensuring effective Municipality cleansing;

Working with strategic partners such as SAPS to address crime;

Ensuring safe working environments by effective enforcement of building and health regulations;

Promote viable, sustainable communities through proper zoning; and

Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinate with the informal settlements upgrade programme

3.3 Foster participatory democracy and Batho pele principles through a caring, accessible and accountable service by:

Optimising effective community participation in the ward committee system; and
Implementing batho pele in the revenue management strategy.

3.4 Promote sound governance through:

Publishing the outcomes of all tender processes on the municipal website

3.5 Ensure financial sustainability through:

Reviewing the use of contracted services, continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan.

3.6 Optimal institutional transformation to ensure capacity to achieve set objectives

Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

Developing dormant areas;

Enforcing hard development lines – so as to direct private investment;

Maintaining existing urban areas;

Strengthening key economic clusters;

Building social cohesion;

Strong developmental initiatives in relation to the municipal institution as a whole; and

Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the third generation IDP, including:

Strengthening the analysis and strategic planning processes of the Municipality;
 Initiating zoned planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
 Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
 Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2016/17 MTREF has therefore been directly informed by the IDP development process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

KZN291 Mandeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)													
Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Sustainable Services	Electricity			12,310	11,854	19,550	36,243	36,243	36,243	25,766	58,187	64,693	
Sustainable Services	Waste			7,397	5,948	6,264	11,943	11,943	11,943	12,920	14,348	15,799	
Sustainable Services	Health			389	233	285	192	192	192	65	69	72	
Sustainable Services	Community			585	1,221	2,233	1,989	1,989	1,989	1,822	1,895	1,972	
Infrastructure	Roads &			-	-	-	-	-	-	-	-	-	
Infrastructure	Cemeteries			-	-	-	-	-	-	-	-	-	
Infrastructure	Housing			-	-	-	-	-	-	-	-	-	
Infrastructure	Public			-	-	-	-	-	-	-	-	-	
Good Governance	Support			22,561	21,430	50,150	159	159	159	240	253	267	
Good Governance	Integrated			-	-	504	9,773	9,773	9,773	150	158	167	
Good Governance	Financial			112,058	119,565	146,981	145,086	145,086	145,086	152,640	163,734	174,136	
Good Governance	Human			163	32	-	-	-	-	-	-	-	
Good Governance	Executive and			18	71	20	6,140	6,140	6,140	6,678	7,002	7,346	
Environmental	Land			-	-	-	-	-	-	-	-	-	
Economic	Local			591	14,277	443	-	-	-	-	-	-	
Social Development	Culture &			5	27	12	12	12	12	12	13	13	
Social Development	Public												
Safety & Security	Security												
Safety & Security	Disaster			87	102	822	893	1,393	1,393	3,448	3,634	3,830	
Safety & Security	Road Safety												
Allocations to other priorities				2									
Total Revenue (excluding capital transfers at				1	156,164	174,758	227,265	212,430	212,930	212,930	203,740	249,292	268,295

Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

KZN291 Mandeni - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Sustainable Services	Electricity			10,637	11,957	19,521	34,990	34,690	34,690	24,848	57,871	65,851	
Sustainable Services	Waste			7,452	7,929	7,441	5,048	8,998	8,998	8,180	10,298	10,863	
Sustainable Services	Health			476	282	282	—	—	—	—	—	—	
Sustainable Services	Community			4,855	8,868	10,165	9,010	9,010	9,010	9,402	9,910	10,474	
Infrastructure	Roads &			5,546	6,806	8,662	13,364	11,864	11,864	10,616	12,439	13,131	
Infrastructure	Cemeteries			194	117	129	93	93	93	104	110	116	
Infrastructure	Housing			1	9	9	—	—	—	—	—	—	
Infrastructure	Public			4,293	4,943	6,089	6,998	6,998	6,998	6,473	6,822	7,201	
Good Governance	Support			10,176	14,388	13,875	12,732	11,732	11,732	13,111	13,819	14,593	
Good Governance	Integrated			1,562	2,682	4,457	7,002	6,802	6,802	8,539	8,868	9,342	
Good Governance	Financial			37,679	52,011	67,105	37,650	37,400	37,400	47,728	48,196	49,986	
Good Governance	Human			8,044	11,030	17,212	16,051	14,451	14,451	18,254	19,240	22,343	
Good Governance	Executive and			24,055	33,001	31,592	35,617	35,067	35,067	34,731	38,056	39,417	
Environmental Management	Land			90	525	525	—	—	—	—	—	—	
Economic Development	Local			2,438	3,842	6,348	6,313	5,913	5,913	5,100	6,111	6,448	
Social Development	Culture &			461	549	686	760	760	760	1,430	1,508	1,591	
Social Development	Public												
Safety & Security	Security												
Safety & Security	Road Safety			3,569	6,059	14,514	17,109	16,409	16,409	15,223	16,045	16,939	
Allocations to other priorities													
Total Expenditure				1	121,528	164,996	208,611	202,738	200,188	200,188	203,740	249,292	268,295

Table 25 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

KZN291 Mandeni - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Sustainable Services	Electricity	A		–	–	–	1,500	3,500	3,500	1,500	–	–	
Sustainable Services	Waste Management	B		–	–	–	1,100	–	–	–	–	–	
Sustainable Services	Health	C		–	–	–	–	–	–	–	–	–	
Sustainable Services	Community	D		57	57	57	3,453	1,713	1,713	1,650	1,706	112	
Infrastructure	Roads & Stormwater	E		12,511	12,511	12,511	45,263	40,263	40,263	35,757	34,556	37,993	
Infrastructure	Cemeteries	F		–	–	–	2,000	–	–	500	2,000	–	
Infrastructure	Housing	G		–	–	–	–	–	–	–	–	–	
Infrastructure	Public Amenities	H		–	–	–	–	–	–	200	–	–	
Good Governance	Support Services	I		2,773	2,773	2,773	15,250	7,100	7,100	8,070	–	–	
Good Governance	Integrated Planning	J		–	–	–	9,773	9,773	9,773	165	–	–	
Good Governance	Financial Management	K		(9,841)	–	–	137	137	137	–	–	–	
Good Governance	Human Resources Management	L		–	–	–	1,080	1,080	1,080	2,160	–	–	
Good Governance	Executive and Council	M		–	–	–	83	83	83	–	–	–	
Environmental Management	Land Management	N		–	–	–	–	–	–	–	–	–	
Economic Development	Local Economic Development	O		–	–	–	400	400	400	430	–	–	
Social Development	Culture & Sport	P		–	–	–	1,544	670	670	750	200	–	
Social Development	Public Participation												
Safety & Security	Security												
Safety & Security	Road Safety												
Allocations to other priorities				3									
Total Capital Expenditure				1	5,501	15,342	15,342	82,112	64,719	64,719	51,182	38,462	38,105

2.5 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

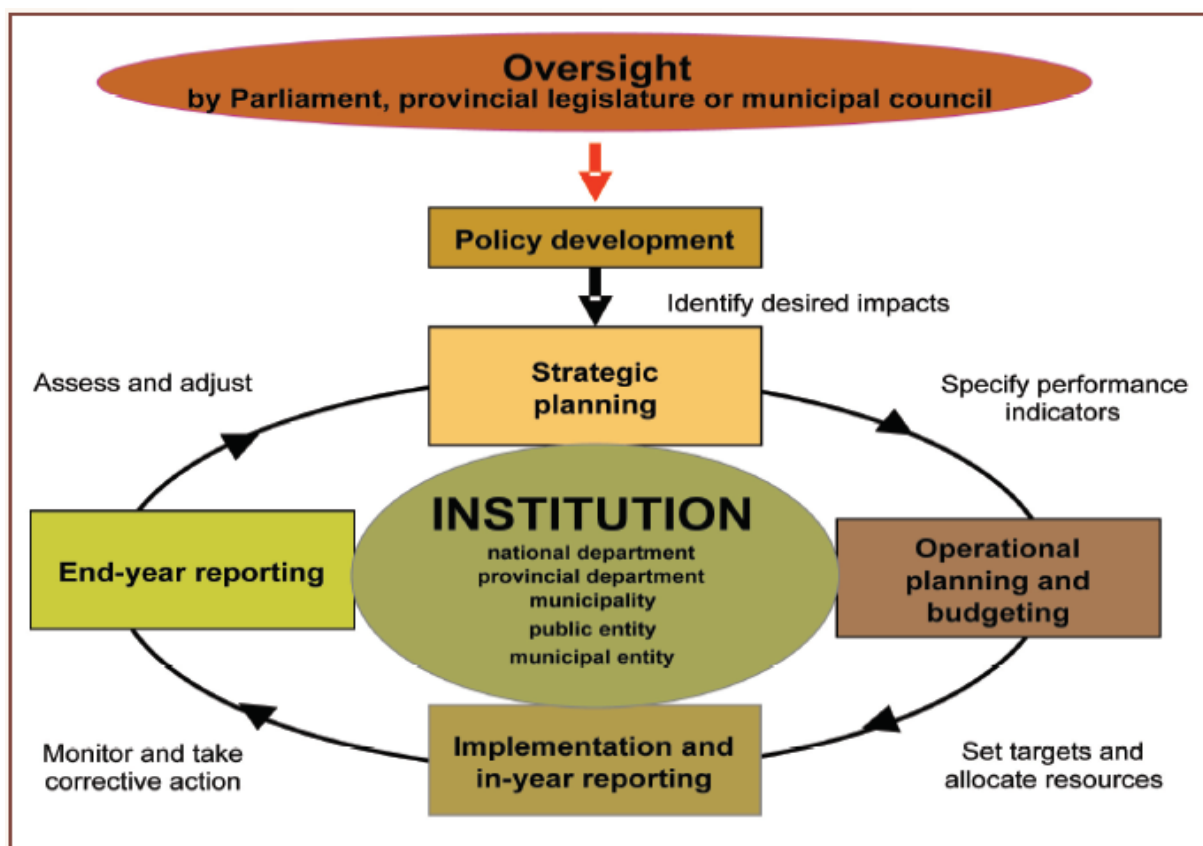


Figure 2 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

Planning (setting goals, objectives, targets and benchmarks);
Monitoring (regular monitoring and checking on the progress against plan);
Measurement (indicators of success);
Review (identifying areas requiring change and improvement);
Reporting (what information, to whom, from whom, how often and for what purpose); and
Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

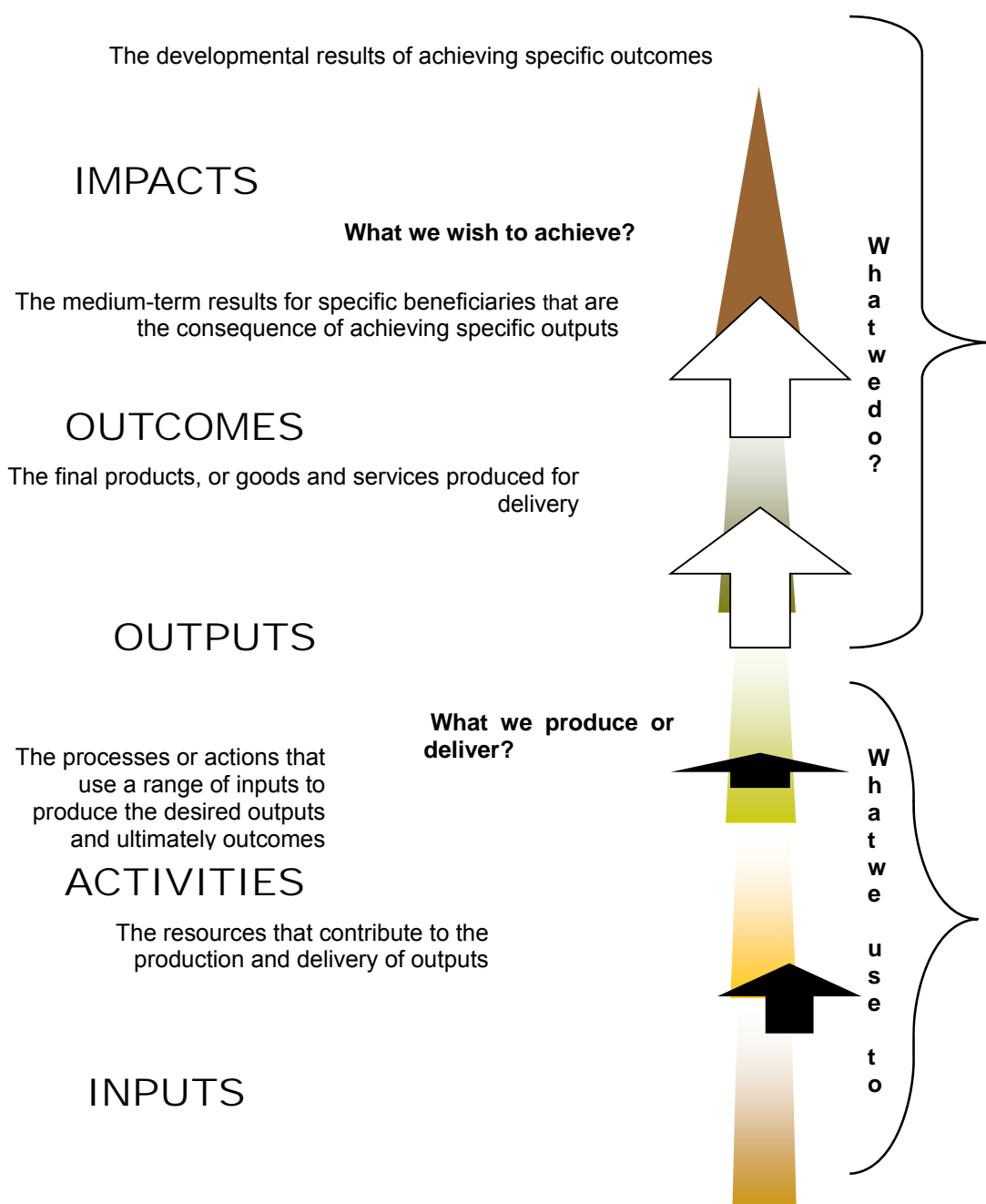


Figure 3 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year

Table 26 MBRR Table SA7 - Measurable performance objectives

KZN291 Mandeni - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Executive and Council										
Function 1 - (name)										
Council										
Strategic planning session					350	350	350	300		
EXCO retreat and planning session					150	150	150	400		
Policy review session					250	250	250			
Office Equipment					30	30	30			
Municipal Manager										
2x Laptop					20	20	20			
2 laptops (interns)					16	16	16			
1 laptop (CAE)					8	8	8			
printer					5	5	5			
1 Printer(specialised printer)					8	8	8			
PA system					20	20	20			
Loud hailers					10	10	10			
Camera					10	10	10			
office equipment					2	2	2			
PMS management system										
Internal Audit								900		
Audit Committees								343		
Audit Fees								1,650		
Loud hailers										
Complaints Management System										
Community Upliftment Programmes								2,057		
Vote 2 - Budget and Terasury										
Function 1 - (name)										
Treasury										
4 x Laptop					60	60	60			
5 x Computers					40	40	40			
2 x L-shape Desks					20	20	20			
2x Filling Cabinet										
mSCOA Implementation								3,500		
Revaluation of properties								1,300		
4x Combo Desks										
Vote 3 - Corporate Services										
Function 1 - (name)										
Sub-function 1 - (name)										
20x Computers										
Projector										
Laptop								600		
Server upgrade					100	100	100			
Biometric access control					300	300	300			
Furniture					100	100	100			
Develop and Workshop ICT governance								500		
Develop MSP								70		
Air conditioners								150		
10 Hard drives								360		
Networks								200		
Generator								500		

KZN291 Mandeni - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Vote 4 - Community and Social										
Function 1 - (name)										
Social										
HIV/AIDS Awareness Education					330	330	330			
Training and mentoring of WACs					150	150	150			
Indigent/ Pauper burial service					174	174	174	174	183	193
Arts and culture					400	400	400			
Tertiary textbook for all libraries					25	25	25			
Youth Programmes (Career exhibition, Special Programmes – (celebration of Sports development and promotion SALGA games					400	400	400	527	555	585
Flagship programme (Operation Geographical naming (name change and Printers					200	200	200			
Office Equipment							100			
8 armrest visitor chairs							10			
2 mega phones for awareness							2			
Flashing notice boards							30			
Staff lockers							15			
Furniture for Mandeni hall							100	150	6	7
Mandeni hall display (pot of excellence)							20			
Wall mounted Sound system for Acoustic, Fans and painting of Fire and safety emergencies							600	700	1,000	
Community hall							1,000			
Sports and Recreation										
Swimming pool					300	300	300			
Pool vacuum					100	100	100			
Establish cricket ground										
Upgrade tennis court					100	100	100			
Combo Goal Posts Sport field					100	100	100			
Laptops					35	35	35			
Printers					15	15	15			
Acoustics instillation - Sibusisiwe hall										
Planning Phase 2 Ncedomhlope										
Sport field and stadium (tracks)								300	200	
Quard bike								120		
Rescue boat								130		
Beach stands								200		
Upgrading of Ndulinde and Isithebe										
Library					100	100	100			
Mobile Libraries								200		
Library counter/carpert								300		
Library Carpert								200		
WIFI								100		
Computers					250	250	250			
Library Cupboards										
Vote 6 - Public Safety										
Function 1 - (name)										
Safety					150	150	150			
Disaster management / relief Aide					250	250	250	3,550	3,742	3,944
Security Services								3,900	4,111	4,333
Formulation of Disaster management					2,410	2,410	2,410			
Facilitate the establishment of disaster					200	200	200			
Education and Awareness campaign –					50	50	50			
Scholar patrol programme					200	200	200			
Formulation of Mandeni Safety Forum in										
Pounding of stray animals										
Resuscitate the functioning of Public										
Facilitate the re-opening of the					100	100	100			
Erection of speed humps within the area					80	80	80			
Uniform and safety clothic for traffic					100	100	100	150	158	167
Training and development for public							150			
Planning Building new DLTC/MLB with							500			
2 X Traffic Patrol Vehicles							90			
Road Block Trailer							98			
Traffic & law enforcement										
2 X Pro Laser iv Speed Measurement							60	116	122	129
3 x Alcohol screening device drager										

KZN291 Mandeni - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Vote 9 - Planning and Development										
Function 1 - (name)										
Planning										
					500	500	500	400		
Ngwenya Nature Reserve Revival					1,200	1,200	1,200			
Phase 2 Informal Traders Development					200	200	200			
Tourism Sector Plan Review					150	150	150			
LED Strategy Review										
SMME Support (Food for waste)										
Feasibility Study for Establishment of					200	200	200			
Development of Investment Strategy										
Feasibility Study on Renewable Energy										
Business Plan for Nurseries										
GPS device								15		
ArchGIS								60		
Business Plan for Cooperatives										
Revival of Small cane Growers										
Feasibility Study and Business Plan for										
Installation of Irrigation scheme										
Supply of Agricultural Farming										
Feasibility Study and Business Plan for					200	200	200			
feasibility Study and Business Plan for					30	30	30			
Mandeni Tourism Conference										
Tourism Marketing Plan and Route					200	200	200			
Establishment of Tourism Information					100	100	100			
Tourism Signage					150	150	150			
Establishment of Museum					200	200	200			
SMME Development and Training					200	200	200			
Formation of Cooperatives in Waste					50	50	50			
Furniture					40	40	40	50		
Computers								40		
Purchasing and development of Land										
Feasibility Study - Swimming Pool										
Resuscitate Beach Cleaning Project										
Feasibility Study - Mini Factories										
Conduct EIA for 3 Blue Flag Status										
Rural Development plan & Framework										
Ibeach Experience								850		
Raft Race										
Wall to Wall town planning Scheme								350		
SECO								500		
Quick Wins										
Technical Services					500	500	500			
Section 78 assessment of waste					300	300	300			
Review of IWMP					500	500	500			
Establish garden refuse drop off centres					30	30	30			
Computers for new recruits					30	30	30	60		
Office Furniture for new recruits								70		
Boardroom furniture										
Digital Camera										
Projector					2	2	2			
Fridge					10	10	10			
Reception furniture										
Municipal Building										
					4,000	4,000	4,000	8,000	15,000	
Refurbishment of existing and provision					300	300	300			
Ablutions and changerooms incl.					2,510	2,510	2,510			
Informal trader stalls										
Airconditioners										
Function 2 - (name)										
Fleet and workshop										
					900	900	900			
Light Delivery Vehicles (LDV's)					150	150	150			
trailers					100	100	100			
workshop equipment										

KZN291 Mandeni - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Vote 10 - Environmental Protection										
Function 1 - (name)										
Parks					100	100	120			
Brushcutters							240			
ride mower										
4 tonne crew cab and load bin trucks					220	220	220			
ride mower					50	50	50			
Push mowers					100	100	100			
Plant nursery										
Plants and trees					50	50	50			
Storage container					40	40	40			
Small tools										
Beautification								300		
Grass Cutting								3,500	3,689	3,888
Swimming pool designs								200		
Wood Chipper								200		
Vote 11 - Road transport										
Function 1 - (name)										
Roads					750	750	750			
Roads Masterplan and Pavement					750	750	750	1,450		
Preparation of a Storm-water					500	500	500	350		
Establishment of borrow pits								500		
Local Transport Plan					300	300	300			
Infrastructure Summit					3,000	3,000	3,000	3,000	5,500	6,000
Counter funding on MIG Projects					2,500	2,500	2,500	8,000	375	
Rehabilitation of rural roads										
4 ton crew cab trucks with load bins					60	60	60			
Pad foot compactors					150	150	150			
Mobile toilets- trailer mounted					50	50	50			
Tar sprayer					50	50	50			
Small Tools					15,000	15,000	15,000			
Roll overs on Grants					5,000	5,000	5,000			
CBD Upgrade and Improvement Project:								2,000	4,972	370
Masomonce minibus taxi route					1,662	1,662	1,662			
Sundumbili roads Phase 6					233	233	233			
Inyoni taxi route Phase 1					2,541	2,541	2,541			
Inyoni taxi route Phase 2										
Bomag Compactor (walk behind)					15,179	15,179	15,179			
Sundumbili Roads Upgrade Phase 7					3,022	3,022	3,022			
Sport facilities (p-component)					1,617	1,617	1,617			
Inyoni Taxi route phase 3					1,625	1,625	1,625			
Upgrading/ Conclusion of Newark Drive										
Amanda Farm Housing Taxi routes										
Rural Roads Upgrade					2,000	2,000	2,000	2,000		
Hardened Sidewalks					1,467	1,467	1,467	1,800	1,728	1,800
PMU(5% Top slice)									13,523	712
Extension of Hlomendlini Bus Route								7,171		
Rehabilitation of Mandeni Rural Gravel										
Nyoni Housing Bulk Roads and Storm-										
Upgrade of internal roads within and								3,725		
New Community Hall ward 11 Isithebe										
Rural Roads Upgrade Phase 2								5,180	32,828	34,193
Upgrade of High View Park Roads								12,851		
Relocation of Plaza Sportfield in								500		
Chappies Sportfield								500		
Projects registered										
Vote 12 - Waste Management										
Function 1 - (name)										
Solid waste										
					500	500	500			
Skips (Communal Bins)										
Wood chipper					200	200	200			
Wheelie bins & street bins										
TLB										
Waste separation facility										
Vote 13 - Electricity										
Function 1 - (name)										
Sub-function 1 - (name)										
					1,000	1,000	1,000	1,500		
Refurbish 11kv overhead power lines					750	750	750			
Pre-paid electricity Metering										
Increase the NMD on Mandini Licensed										
Fencing of sub-stations					250	250	250			
Streetlighting (new)										
Fault finding machine										

The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF.

Table 27 MBRR Table SA8 - Performance indicators and benchmarks

KZN291 Mandeni - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%	1.5%	1.3%	1.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.2%	0.0%	0.3%	0.3%	0.3%	4.7%	3.6%	3.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	23.5%	11.9%	0.0%	11.9%	11.9%	11.9%	147.8%	111.1%	83.3%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	5.0	3.4	2.5	7.0	1.9	1.9	1.9	1.4	3.9	4.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	5.0	3.4	2.5	7.0	1.9	1.9	1.9	1.4	3.9	4.7
Liquidity Ratio	Monetary Assets/Current Liabilities	3.6	2.3	1.1	4.2	1.3	1.3	1.3	0.2	0.7	1.0
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		68.6%	82.8%	78.5%	80.6%	72.6%	72.6%	72.6%	66.3%	93.1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other Outstanding Debtors to Revenue)		68.6%	82.8%	78.5%	80.6%	72.6%	72.6%	72.6%	66.3%	93.1%	93.1%
Longstanding Debtors Recovered	Total Outstanding Debtors to Annual Revenue	18.8%	16.8%	16.2%	24.2%	5.4%	5.4%	5.4%	20.7%	21.3%	23.9%
	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within' MFMA' s 65(e))										
Creditors to Cash and Investments		7.8%	14.4%	39.1%	9.0%	41.3%	41.3%	41.3%	196.6%	45.8%	28.8%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kt)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	20.8%	27.9%	28.4%	29.9%	29.8%	29.8%	29.8%	33.4%	28.7%	28.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	24.3%	27.6%	28.0%	35.5%	35.4%	35.4%		39.5%	34.1%	33.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	9.2%	10.6%	9.7%	14.5%	13.1%	13.1%		13.0%	11.2%	11.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	12.0%	10.7%	9.4%	9.4%	9.3%	9.3%	9.3%	11.2%	9.9%	9.7%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within	18.0	17.6	23.9	18.4	18.4	18.4	11.5	11.6	14.7	15.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	52.8%	57.7%	63.3%	100.8%	22.7%	22.7%	22.7%	85.5%	74.9%	85.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	11.2	6.4	2.4	2.6	2.4	2.4	2.4	0.5	0.8	1.2

2.6 Performance indicators and benchmarks

2.6.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Mandeni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

The Municipality has raised mainly amortising loans over the past fifteen years, hence effectively 'front-loading' its debt service costs

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

2.6.1.2 Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2015/16 MTREF the current ratio is 4.9 in the 2016/17 financial year and 5.3 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2015/16 financial year the ratio was 5.2 and as part of the financial planning strategy it has been maintained at 3.5 in the 2016/17 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.6.1.3 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.6.1.4 Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of no concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favorable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.6.1.5 Other Indicators

Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the review of organogram and low tariff increase which has direct relationship with low billing level.

Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also increasing owing directly to cost drivers such as assets maintenance plans far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.6.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2016/17 financial year 150 registered indigents have been provided for in the budget with this figured increasing to 1500 by 2017/18. In terms of the Municipality's indigent policy registered households are entitled to, 50 kwh of electricity and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 64.

Note that the number of households in informal areas that receive free services and the cost of these services are not taken into account in the table noted above.

2.7 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.7.1 Review of credit control and debt collection procedures/policies

The Collection Policy is currently under review and it will be approved by Council on March 2016. The policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2016/17 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 66 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.7.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.7.3 Supply Chain Management Policy

The Supply Chain Management Policy has been amended and adopted by Council on the 31st May 2016. A reviewed policy has been considered by Council of which the amendments will extensively be consulted on.

2.7.4 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy is currently has been reviewed and adopted by Council in May 2016.

2.7.5 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy have been currently reviewed and adopted by Council in May 2016. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.7.6 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

Property Rates Policy;
Funding and Reserves Policy;
Borrowing Policy;
Budget Policy; and
Basic Social Services Package (Indigent Policy).

2.8 Overview of budget assumptions

2.8.1 External factors

The 2016 Budget Review notes that since the tabling of the Medium Term Budget Policy Statement (MTBPS) in October 2015 the global economic crisis has deepened, exposing the depth of South Africa's external vulnerabilities and the internal constraints that limit its potential for growth. Global conditions have exposed South Africa's own economic weaknesses, with projected GDP growth revised down to 0.9 per cent for 2016 improving gradually to 1.7 per cent in 2017 and 2.4 per cent in 2018.

The weaker outlook is as a result of lower commodity prices, higher borrowing costs, drought and diminished business and consumer confidence. Constrained electricity supply continues to limit growth and deter fixed investment. Exchange rate depreciation is contributing to a higher inflation outlook during 2016.

These factors are expected to ease over the medium term. An upturn in global trade and investment, improved policy certainty, recovering consumer and business confidence, and greater availability and reliability of electricity in the outer years should support stronger growth

2.8.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

National Government macro economic targets;

The general inflationary outlook and the impact on Municipality's residents and businesses;

The impact of municipal cost drivers;

The increase in prices for bulk city and water; and

The increase in the cost of remuneration. Employee related costs comprise 39.5 per cent of total operating expenditure in the 2016/17 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.8.3 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (66 per cent) of annual billings for property rates. Cash flow is assumed to be 66 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Service Charges on electricity and refuse removal are billed simultaneously, therefore a collection rate of 100% is assumed for service charged due to controls that are in place as per the credit control policy.

2.8.4 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.8.5 Salary increases

The South African Local Government Bargaining Council recently entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2016/17 Financial Year – 6 per cent
- 2017/18 Financial Year – average CPI (Feb 2017 – Jan 2018) + 1 per cent
- 2018/19 Financial Year – average CPI (Feb 2018 – Jan 2019) + 1 per cent

2.8.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

Creating jobs;
Enhancing education and skill development;
Improving Health services;
Rural development and agriculture; and
Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.8.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 85 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2016/17 & MTREF of which performance has been factored into the cash flow budget.

2.9 Overview of budget funding

2.9.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 28 Breakdown of the operating revenue over the medium-term

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	33,472	27,411	29,125	26,770	26,770	26,770	26,770	28,937	30,499	32,146
Property rates - penalties & collection charges	2	5,135	5,477	10,407	-	-	-	-	-	-	-
Service charges - electricity revenue	2	11,213	11,715	11,990	14,713	14,713	14,713	14,713	12,236	31,896	33,619
Service charges - refuse revenue	2	5,587	5,947	6,263	6,943	6,943	6,943	6,943	7,920	8,348	8,799
Rental of facilities and equipment		270	267	273	201	201	201	201	305	321	339
Interest earned - external investments		2,809	3,564	3,306	3,000	3,000	3,000	3,000	3,570	3,763	3,966
Interest earned - outstanding debtors		-	-	-	6,000	6,000	6,000	6,000	7,500	9,435	10,997
Fines		93	779	2,248	505	505	505	505	2,105	2,219	2,338
Licences and permits		15	45	698	300	800	800	800	1,255	1,322	1,394
Transfers recognised - operational		93,022	114,788	155,443	143,970	143,970	143,970	143,970	139,308	160,812	173,983
Other revenue	2	4,547	4,765	7,511	405	405	405	405	605	677	714
Total Revenue (excluding capital transfers and contributions)		156,163	174,757	227,265	202,807	203,307	203,307	203,307	203,740	249,292	268,295

The following graph is a breakdown of the operational revenue per main category for the 2016/17 financial year.

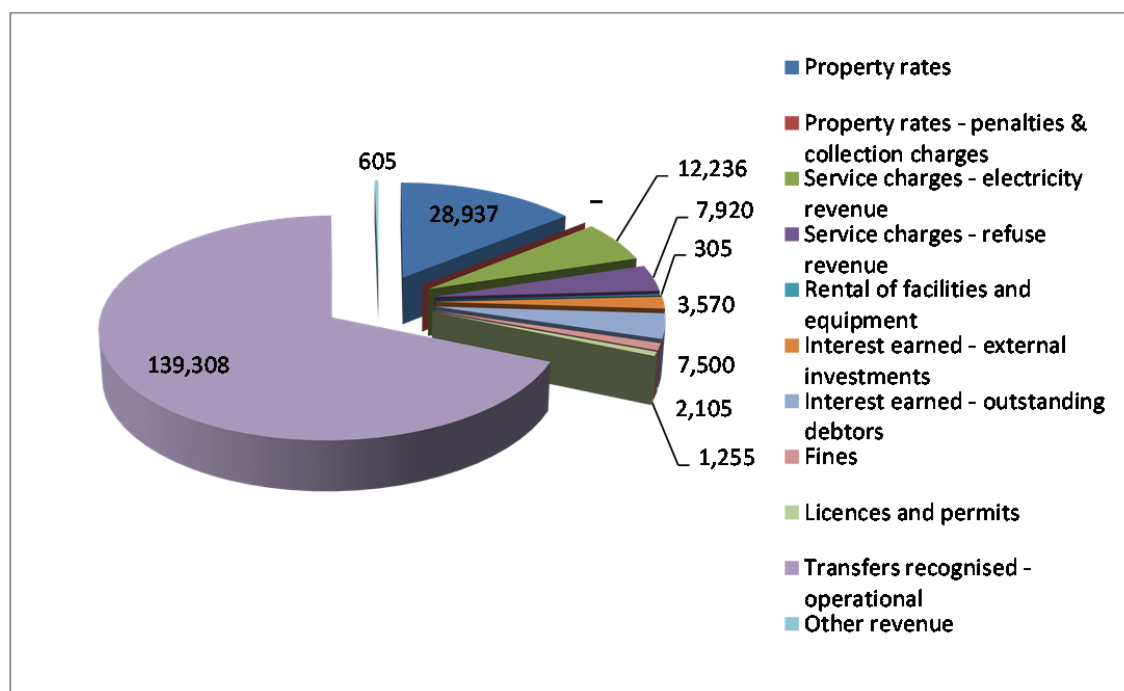


Figure 4 Breakdown of operating revenue over the 2016/17 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity, Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

Growth in the Municipality and economic development;

Revenue management and enhancement;

Achievement of a 65 per cent annual collection rate for consumer revenue;

National Treasury guidelines;

Electricity tariff increases within the National Energy Regulator of South Africa (NERSA) approval;

Achievement of full cost recovery of specific user charges;

Determining tariff escalation rate by establishing/calculating revenue requirements;

The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and

The ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2016/17 MTREF on the different revenue categories are:

Table 29 Proposed tariff increases over the medium-term

Proposed tariff increases over the medium-term						
Description				2015/16 Additional Revenue for each 1% tariff increase	2016/17 Additional Revenue for each 1% tariff increase	Total Budgeted Revenue
R thousand	2014/15 proposed tariff increase	2015/16 proposed tariff increase	2016/17 proposed tariff increase			
Revenue Category	%	%	%	R000	R000	R000
Property rates	6	6	7	26,770	28,937	28,937
Solid Waste	7	7	7.6	6,943	7,920	7,920
Electricity	5.1	4.9	6.6	14,713	12,236	12,236
				48,425	49,092	49,092

Revenue to be generated from property rates is R28.9 million in the 2016/17 financial year and increases to R30.5 million by 2016/17 which represents 14.21 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition we expect some objections, although significant progress was made in clearing all objections by the 2016/17 financial year

Services charges relating to electricity and refuse removal constitutes the third largest component of the revenue basket of the Municipality totaling R20.2 million for the 2016/17 financial year and increasing to R40.2 million by 2016/17. For the 2016/17 financial year services charges amount to 9.9 per cent of the total revenue base and grows by 99.7 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.

Operational grants and subsidies amount to R139.3 million, R160.8 million and R174.7 million for each of the respective financial years of the MTREF, or 68, 69 and 69.4 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government have reduced in 2016/17 financial year and in the two outer years its grows rapidly over the MTREF by 15.5 per cent and 8.7 per cent.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R3.6 million, R3.8 million and R3.9 million for the respective three financial years of the 2016/17 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity:

Table 30 MBRR SA15 – Detail Investment Information

Investment type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Parent municipality										
Securities - National Government Listed Corporate Bonds Deposits - Bank Deposits - Public Investment Commissioners Deposits - Corporation for Public Deposits Bankers Acceptance Certificates Negotiable Certificates of Deposit - Banks Guaranteed Endowment Policies (sinking) Repurchase Agreements - Banks Municipal Bonds		32,000	54,000	68,000	68,868	23,361	23,361	5,038	5,912	11,361
Municipality sub-total	1	32,000	54,000	68,000	68,868	23,361	23,361	5,038	5,912	11,361
Entities										
Securities - National Government Listed Corporate Bonds Deposits - Bank Deposits - Public Investment Commissioners Deposits - Corporation for Public Deposits Bankers Acceptance Certificates Negotiable Certificates of Deposit - Banks Guaranteed Endowment Policies (sinking) Repurchase Agreements - Banks										
Entities sub-total		–	–	–	–	–	–	–	–	–
Consolidated total:		32,000	54,000	68,000	68,868	23,361	23,361	5,038	5,912	11,361

Table 31 MBRR SA16 – Investment particulars by maturity

KZN291 Mandeni - Supporting Table SA16 Investment particulars by maturity														
Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
of institution & investment	1	Yrs/Months												
Parent municipality														
Standard Bank '068637527		12 Months	deposits - Bank (0)	No	Variable	0.09			32 Days Not	27	0	(27)	-	0
Nedbank 23581136/9998		5 Yrs	deposits - Bank (0)	No	Variable	0.09			32 Days Not	7,147	456	(7,603)	-	(0)
First National Bank		12 Months	Main Account	No	Variable				On Call	-				-
First National Bank		12 Months	Call Account	No	Variable	0.09			32 Days Not	5,791	465	(3,256)		3,000
First National Bank		12 Months	Call Account	No	Variable	0.09			32 Days Not	1,844	71			1,915
First National Bank		12 Months	Call Account	No	Variable	0.09			32 Days Not	2,590	-	(36,347)	33,757	-
First National Bank		12 Months	Call Account	No	Variable	0.09			32 Days Not	1,741	-	(1,741)	-	-
First National Bank		12 Months	Call Account	No	Variable	0.09			32 Days Not	9	0			9
First National Bank		12 Months	Call Account	No	Variable	0.11			32 Days Not	712	2,402	(132,994)	129,994	114
First National Bank		12 Months	Call Account	No	Variable	0.09			32 Days Not	3,500	175	(13,675)	10,000	-
Municipality sub-total										23,361	3,569	(195,643)	173,751	5,038
Entities														
														-
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS	1									23,361		(195,643)	173,751	5,038

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a balanced budgeted surplus of R33.8 million, R34.6 million and R35.9 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

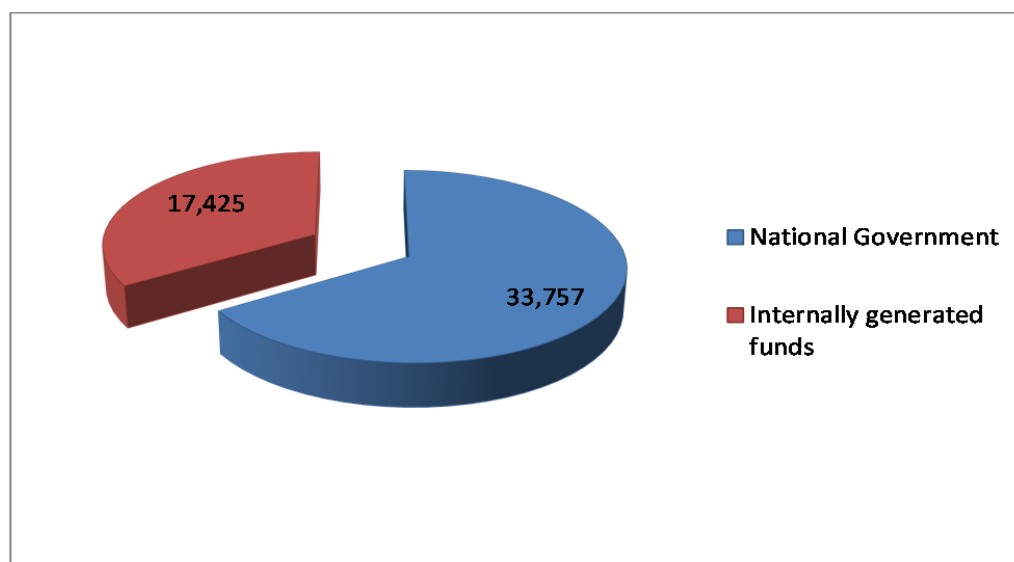
2.9.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2016/17 medium-term capital programme:

Table 32 Sources of capital revenue over the MTREF

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Re	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funded by:											
National Government		–	–	–	43,886	43,886	43,886		33,757	34,556	35,993
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	–	–	–	43,886	43,886	43,886	–	33,757	34,556	35,993
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		25,182	25,182	25,182	38,226	25,833	25,833	25,833	17,425	3,906	2,112
Total Capital Funding	7	25,182	25,182	25,182	82,112	69,719	69,719	25,833	51,182	38,462	38,105

The above table is graphically represented as follows for the 2016/17 financial year.

**Figure 5 Sources of capital revenue for the 2016/17 financial year**

Capital grants and receipts equates to 65.9 per cent of the total funding source which represents R33.8 million for the 2016/17 financial year and steadily increases to R34.6 million or 89.9 per cent by 2016/17. Growth relating to grant receipts is 6.5, -1 and -4.3 per cent over the medium-term.

Table 33 MBRR Table SA 18 - Capital transfers and grant receipts

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:	1, 2									
Capital Transfers and Grants										
National Government:		–	–	–	43,886	43,886	43,886	33,757	34,556	35,993
Municipal Infrastructure Grant (MIG)		–	–	–	34,263	34,263	34,263	33,757	34,556	35,993
Neighbourhood Development Partnership		–	–	–	9,623	9,623	9,623	–	–	–
INEP		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert desc]		–	–	–	–	–	–	–	–	–
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Capital Transfers and Grants	5	–	–	–	43,886	43,886	43,886	33,757	34,556	35,993
TOTAL RECEIPTS OF TRANSFERS & GRANTS		93,022	114,788	155,443	187,856	187,856	187,856	173,065	195,368	209,976

2.9.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

Clear separation of receipts and payments within each cash flow category;

Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue. and

Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 34 MBRR Table A7 - Budget cash flow statement

KZN291 Mandeni - Table A7 Budgeted Cash Flows											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		18,833	41,718	31,613	22,862	17,400	17,400	17,400	19,180	20,216	21,307
Service charges		19,175	116	13,741	16,190	17,755	17,755	17,755	13,360	45,675	48,116
Other revenue		—	—	61	1,412	12,412	12,412	12,412	2,186	2,343	2,469
Government - operating	1	94,031	118,166	147,652	143,970	143,970	143,970	143,970	139,308	160,812	173,983
Government - capital	1				43,886	43,886	43,886	43,886	33,757	34,556	35,993
Interest		2,763	3,514	3,245	3,000	3,000	3,000	3,000	3,945	4,235	4,516
Dividends									—	—	—
Payments											
Suppliers and employees		(94,791)	(127,874)	(158,379)	(160,920)	(155,957)	(155,957)	(155,957)	(166,151)	(197,416)	(211,043)
Finance charges		—							(1,810)	(1,908)	(2,011)
Transfers and Grants	1				(19,600)	(19,600)	(19,600)	(19,600)	(11,150)	(23,432)	(27,278)
NET CASH FROM/(USED) OPERATING ACTIVITIES		40,011	35,641	37,932	50,800	62,866	62,866	62,866	32,625	45,081	46,053
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		738		177					—	—	—
Decrease (Increase) in non-current debtors									—	—	—
Decrease (increase) other non-current receivables									—	—	—
Decrease (increase) in non-current investments		—	(484)						—	—	—
Payments											
Capital assets		(30,511)	(47,775)	(69,854)	(82,112)	(64,719)	(64,719)	(64,719)	(51,182)	(38,462)	(38,105)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(29,773)	(48,259)	(69,677)	(82,112)	(64,719)	(64,719)	(64,719)	(51,182)	(38,462)	(38,105)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		46	50	61					—	—	—
Borrowing long term/refinancing									—	—	—
Increase (decrease) in consumer deposits						(1,650)	(1,650)	(1,650)	—	—	—
Payments											
Repayment of borrowing		—		(164)		(194)	(194)	(194)	(1,210)	(1,300)	(1,500)
NET CASH FROM/(USED) FINANCING ACTIVITIES		46	50	(103)	—	(1,843)	(1,843)	(1,843)	(1,210)	(1,300)	(1,500)
NET INCREASE/ (DECREASE) IN CASH HELD		10,284	(12,568)	(31,848)	(31,312)	(3,696)	(3,696)	(3,696)	(19,767)	5,318	6,448
Cash/cash equivalents at the year begin:	2	63,190	73,474	60,905	59,798	29,057	29,057	29,057	25,361	5,594	10,912
Cash/cash equivalents at the year end:	2	73,474	60,905	29,057	28,486	25,361	25,361	25,361	5,594	10,912	17,361

The above table shows that cash and cash equivalents of the Municipality were slowly decreased between the 2012/13 and 2015/16 financial year moving from a positive cash balance of R25.4 to a surplus of R5.6 million with the approved 2016/17 MTREF. With the 2015/16 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the Municipality and it is projected that cash and cash equivalents on hand will increase to R5.9 million by the financial year end. For the 2016/17 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to increase to R10.9 million by 2016/17 and steadily increase to R17.4 million by 2018/19.

2.9.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

What are the predicted cash and investments that are available at the end of the budget year?
 How are those funds used?
 What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 35 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available											
Cash/cash equivalents at the year end	1	73,474	60,905	29,057	28,486	25,361	25,361	25,361	5,594	10,912	17,361
Other current investments > 90 days		0	—	2	45,382	0	0	0	(0)	(0)	0
Non current assets - Investments	1	—	—	—	—	—	—	—	—	—	—
Cash and investments available:		73,474	60,905	29,059	73,868	25,361	25,361	25,361	5,594	10,912	17,361
Application of cash and investments											
Unspent conditional transfers		11,133	15,297	7,318	—	7,318	7,318	7,318	16,000	2,000	2,000
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2	—	—	—	10,000	—	—	—	—	—	—
Other working capital requirements	3	—	—	—	—	—	—	—	(13,084)	(37,858)	(46,096)
Other provisions		—	1,784	—	—	—	—	—	—	—	—
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	1,341	1,537	1,650	12,280	1,784	1,784	1,784	1,800	1,800	1,800
Total Application of cash and investments:		12,474	18,618	8,968	22,280	9,102	9,102	9,102	4,716	(34,058)	(42,296)
Surplus(shortfall)		61,000	42,287	20,091	51,588	16,259	16,259	16,259	878	44,970	59,657

From the above table it can be seen that the cash and investments available total R5.6 million in the 2016/17 financial year and comes to R10.9 million by 2017/18, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. Due to delays in implementing capital programs we foresee that unspent conditional transfer will be R16 million for 2016/17 financial year. In the past these have not been allowed to 'roll-over' and be spent in the ordinary course of business.

During the 2015/16 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants of R6.5 million for NDPG as well as an action plan of spending the grants.

There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.

Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations. The liability in this regard totaled (R16 million) for the 2016/17 financial year.

The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2015/16 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

Against other provisions an amount R6 million has been provided for the 2016/17 financial year. This liability is informed by, amongst others, the supplementary pension liability.

Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. It needs to be noted that for all practical purposes the 2016/17 MTREF was funded when considering the funding requirements of section 18 and 19 of the MFMA. The 2016/17 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

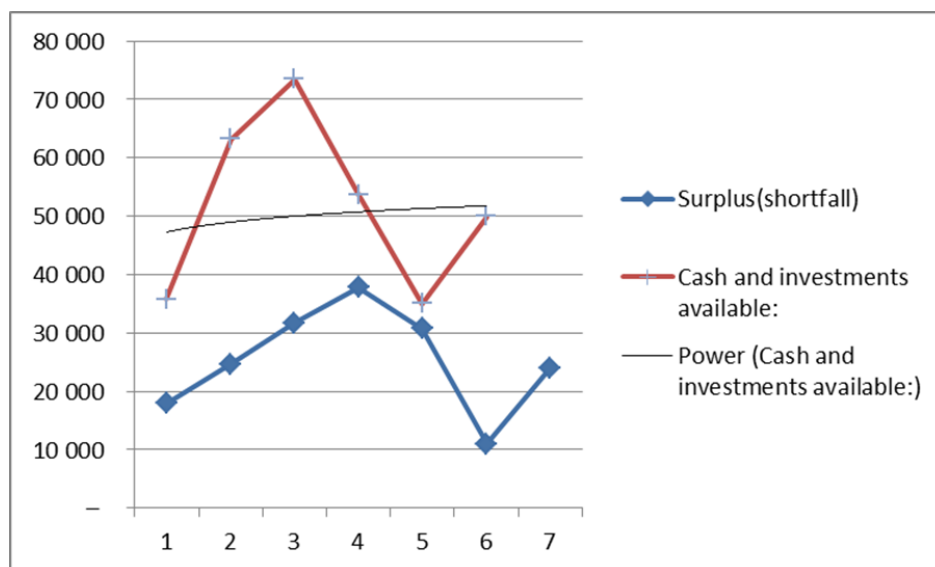


Figure 6 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.9.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 36 MBRR SA10 – Funding compliance measurement

KZN291 Mandeni Supporting Table SA10 Funding measurement												
Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	73,474	60,905	29,057	28,486	25,361	25,361	25,361	5,594	10,912	17,361
Cash + investments at the yr end less applications - R'000	18(1)b	2	73,808	55,284	33,093	84,544	11,451	11,451	11,451	878	44,970	59,657
Cash year end/monthly employee/supplier payments	18(1)b	3	11.2	6.4	2.4	2.6	2.4	2.4	2.4	0.5	0.8	1.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	34,636	9,761	18,653	43,955	47,005	47,005	47,005	33,757	34,556	35,993
Service charge rev % change - macro CPIX target excluded	18(1)a,(2)	5	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	12.8%	35.3%	34.8%	6.6%	6.6%	6.6%	6.6%	7.4%	5.4%	5.4%
Capital payments % of capital expenditure	18(1)c;19	8	554.6%	311.4%	455.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(0.1%)	25.2%	33.3%	(77.4%)	0.0%	0.0%	281.9%	26.1%	20.7%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	6.2%	7.1%	7.1%	9.9%	7.2%	7.2%	7.1%	6.4%	6.7%	7.2%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Supporting indicators											
% incr <i>total service charges (incl prop rates)</i>	18(1)a		(8.8%)	14.3%	(16.2%)	0.0%	0.0%	0.0%	1.4%	44.1%	5.4%
% incr Property Tax	18(1)a		(14.8%)	20.2%	(32.3%)	0.0%	0.0%	0.0%	8.1%	5.4%	5.4%
% incr Service charges - electricity revenue	18(1)a		4.5%	2.3%	22.7%	0.0%	0.0%	0.0%	(16.8%)	160.7%	5.4%
% incr Service charges - water revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - sanitation revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - refuse revenue	18(1)a		6.4%	5.3%	10.9%	0.0%	0.0%	0.0%	14.1%	5.4%	5.4%
% incr in Service charges - other	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a	55,407	50,550	57,785	48,425	48,425	48,425	48,425	49,092	70,743	74,564
Service charges		55,407	50,550	57,785	48,425	48,425	48,425	48,425	49,092	70,743	74,564
Property rates		38,607	32,888	39,532	26,770	26,770	26,770	26,770	28,937	30,499	32,146
Service charges - electricity revenue		11,213	11,715	11,990	14,713	14,713	14,713	14,713	12,236	31,896	33,619
Service charges - water revenue		—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue		—	—	—	—	—	—	—	—	—	—
Service charges - refuse removal		5,587	5,947	6,263	6,943	6,943	6,943	6,943	7,920	8,348	8,799
Service charges - other		—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		270	267	273	201	201	201	201	305	321	339
Capital expenditure excluding capital grant funding		5,501	15,342	15,342	38,226	20,833	20,833	64,719	17,425	3,906	2,112
Cash receipts from ratepayers	18(1)a	38,008	41,834	45,414	40,464	47,567	47,567	47,567	34,726	68,234	71,892
Ratepayer & Other revenue	18(1)a	60,332	56,406	68,516	55,837	56,337	56,337	56,337	60,862	84,717	90,346
Change in consumer debtors (current and non-current)		6,724	(30)	7,400	12,254	(25,693)	(25,693)	(25,693)	(6,789)	11,000	11,000
Operating and Capital Grant Revenue	18(1)a	93,022	114,788	155,443	187,856	187,856	187,856	187,856	173,065	195,368	209,976
Capital expenditure - total	20(1)(vi)	5,501	15,342	15,342	82,112	64,719	64,719	64,719	51,182	38,462	38,105
Capital expenditure - renewal	20(1)(vi)	—	—	—	23,404	19,964	19,964	—	13,615	900	2,105
Supporting benchmarks											
Growth guideline maximum		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline		4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY											
DoRA capital grants total MFY											
Provincial operating grants											
Provincial capital grants											
District Municipality grants											
Total gazetted/advised national, provincial and district grants									—	—	—
Average annual collection rate (arrears inclusive)											

Trend												
Change in consumer debtors (current and non-current)		6,724	(30)	7,400	(25,693)	(6,789)	11,000	11,000	–	–	–	
Total Operating Revenue		156,163	174,757	227,265	202,807	203,307	203,307	203,307	203,740	249,292	268,295	
Total Operating Expenditure		121,528	164,996	208,611	202,738	200,188	200,188	200,188	203,740	249,292	268,295	
Operating Performance Surplus/(Deficit)		34,636	9,761	18,653	69	3,119	3,119	3,119	0	0	(0)	
Cash and Cash Equivalents (30 June 2012)									5,594			
Revenue												
% Increase in Total Operating Revenue			11.9%	30.0%	(10.8%)	0.2%	0.0%	0.0%	0.2%	22.4%	7.6%	
% Increase in Property Rates Revenue			(18.1%)	6.3%	(8.1%)	0.0%	0.0%	0.0%	8.1%	5.4%	5.4%	
% Increase in Electricity Revenue			4.5%	2.3%	22.7%	0.0%	0.0%	0.0%	(16.8%)	160.7%	5.4%	
% Increase in Property Rates & Services Charges			(8.8%)	14.3%	(16.2%)	0.0%	0.0%	0.0%	1.4%	44.1%	5.4%	
Expenditure												
% Increase in Total Operating Expenditure			35.8%	26.4%	(2.8%)	(1.3%)	0.0%	0.0%	1.8%	22.4%	7.6%	
% Increase in Employee Costs			49.8%	32.4%	(6.0%)	0.0%	0.0%	0.0%	12.1%	5.4%	5.8%	
% Increase in Electricity Bulk Purchases			9.3%	(0.2%)	54.8%	(4.0%)	0.0%	0.0%	(20.4%)	213.8%	12.9%	
Average Cost Per Budgeted Employee Position (Remuneration)				454173.3	269394.6				287964.4			
Average Cost Per Councillor (Remuneration)				283636.4	332120.4				369986.7			
R&M % of PPE		6.2%	7.1%	7.1%	9.9%	7.2%	7.2%		6.4%	6.7%	7.2%	
Asset Renewal and R&M as a % of PPE		6.0%	6.0%	6.0%	18.0%	15.0%	15.0%		11.0%	7.0%	8.0%	
Debt Impairment % of Total Billable Revenue		12.8%	35.3%	34.8%	6.6%	6.6%	6.6%	6.6%	7.4%	5.4%	5.4%	
Capital Revenue												
Internally Funded & Other (R'000)		25,182	25,182	25,182	38,226	25,833	25,833	25,833	17,425	3,906	2,112	
Borrowing (R'000)		–	–	–	–	–	–	–	–	–	–	
Grant Funding and Other (R'000)		–	–	–	43,886	43,886	43,886	–	33,757	34,556	35,993	
Internally Generated funds % of Non Grant Funding		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Borrowing % of Non Grant Funding		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Grant Funding % of Total Funding		0.0%	0.0%	0.0%	53.4%	62.9%	62.9%	0.0%	66.0%	89.8%	94.5%	
Capital Expenditure												
Total Capital Programme (R'000)		5,501	15,342	15,342	82,112	64,719	64,719	64,719	51,182	38,462	38,105	
Asset Renewal		–	–	–	23,404	19,964	19,964	19,964	13,615	900	2,105	
Asset Renewal % of Total Capital Expenditure		0.0%	0.0%	0.0%	28.5%	28.6%	28.6%	77.3%	26.6%	2.3%	5.5%	
Cash												
Cash Receipts % of Rate Payer & Other		63.0%	74.2%	66.3%	72.5%	84.4%	84.4%	84.4%	57.1%	80.5%	79.6%	
Cash Coverage Ratio		0	0	0	0	0	0	0	0	0	0	
Borrowing												
Credit Rating (2009/10)									0			
Capital Charges to Operating		0.0%	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%	1.5%	1.3%	1.3%	
Borrowing Receipts % of Capital Expenditure		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Reserves												
Surplus/(Deficit)		73,808	55,284	33,093	84,544	11,451	11,451	11,451	878	44,970	59,657	
Free Services												
Free Basic Services as a % of Equitable Share		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	
Free Services as a % of Operating Revenue (excl operational transfers)		0.0%	0.0%	0.0%	1.2%	1.2%	1.2%		1.1%	1.7%	1.7%	
High Level Outcome of Funding Compliance												
Total Operating Revenue		156,163	174,757	227,265	202,807	203,307	203,307	203,307	203,740	249,292	268,295	
Total Operating Expenditure		121,528	164,996	208,611	202,738	200,188	200,188	200,188	203,740	249,292	268,295	
Surplus/(Deficit) Budgeted Operating Statement		34,636	9,761	18,653	69	3,119	3,119	3,119	0	0	(0)	
Surplus/(Deficit) Considering Reserves and Cash Backing		73,808	55,284	33,093	84,544	11,451	11,451	11,451	878	44,970	59,657	
MTREF Funded (1) / Unfunded (0)		15	1	1	1	1	1	1	1	1	1	
MTREF Funded ü / Unfunded ü		15	ü	ü	ü	ü	ü	ü	ü	ü	ü	

2.9.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is positive, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2016/17 MTREF shows R5.6 million, R10.9 million and R17.4 million for each respective financial year.

2.9.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 20, on page 39. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.9.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been increasing steadily for the period 2012/13 to 2016/17, moving from 3.4 to 6.0 with the adopted 2016/17 & MTREF. As part of the 2016/17 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.1 and then increase slightly to 8.1 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.9.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.9.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 6, 0.6 and 0.2 per cent for the respective financial year of the 2016/17 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 11.05 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.9.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 161, 146 and 151 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 90 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.9.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 6.4, 6.4 and 6.4 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.9.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

2.9.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0 per cent of own funded capital. Further details relating to the borrowing strategy of the Municipality can be found on page 57.

2.9.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.9.5.11 Consumer debtors change (Current and Non-current)

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

2.9.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 50 MBRR SA34C on page 100.

2.9.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 49 MBRR SA34b on page 99.

2.10 Expenditure on grants and reconciliations of unspent funds

Table 37 MBRR SA19 - Expenditure on transfers and grant programmes

KZN291 Mandeni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Re	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		67,608	77,829	102,274	133,856	133,856	133,856	136,754	150,936	163,206
Local Government Equitable Share		65,009	74,289	90,414	119,361	119,361	119,361	122,874	134,036	143,306
Finance Management		1,500	1,650	1,800	1,800	1,800	1,800	1,825	1,900	1,900
Municipal Systems Improvement		800	890	934	940	940	940	—	—	—
EPWP Incentive		299	1,000	1,646	1,755	1,755	1,755	2,055	—	—
Integrated National Electrification Program		—	—	7,480	10,000	10,000	10,000	10,000	15,000	18,000
Other transfers/grants [insert description]										
Provincial Government:		25,415	36,959	53,169	10,114	10,114	10,114	2,554	9,876	10,777
Community Participation IDP (Prov.)		—	200	—	—	—	—	—	—	—
Joint Project Funding (Prov.)		—	—	—	8,000	8,000	8,000	—	—	—
Provincialization of Libraries		563	1,207	2,199	1,454	1,454	1,454	1,797	1,869	1,944
Recapitalisation- Community Library		—	—	—	510	510	510	—	—	—
Other transfers/grants [insert description]		24,852	35,553	50,970	150	150	150	757	8,007	8,833
District Municipality:		—	—	—	—	—	—	—	—	—
[insert description]										
Other grant providers:		—	—	—	—	—	—	—	—	—
[insert description]										
Total operating expenditure of Transfers and Grants		93,022	114,788	155,443	143,970	143,970	143,970	139,308	160,812	173,983
Capital expenditure of Transfers and Grants										
National Government:		—	—	—	43,886	43,886	43,886	33,757	34,556	35,993
Municipal Infrastructure Grant (MIG)		—	—	—	34,263	34,263	34,263	33,757	34,556	35,993
Neighbourhood Development Partnership		—	—	—	9,623	9,623	9,623	—	—	—
INEP		—	—	—	—	—	—	—	—	—
Other capital transfers/grants [insert description]										
Provincial Government:		—	—	—	—	—	—	—	—	—
[insert description]										
District Municipality:		—	—	—	—	—	—	—	—	—
[insert description]										
Other grant providers:		—	—	—	—	—	—	—	—	—
[insert description]										
Total capital expenditure of Transfers and Grants		—	—	—	43,886	43,886	43,886	33,757	34,556	35,993
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		93,022	114,788	155,443	187,856	187,856	187,856	173,065	195,368	209,976

Table 38 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

KZN291 Mandeni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds											
Description	R thousand	Re	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Operating transfers and grants:			1,3								
National Government:											
Balance unspent at beginning of the year											
Current year receipts			67,608	77,829	102,274	133,856	133,856	133,856	136,754	150,936	163,206
Conditions met - transferred to revenue			67,608	77,829	102,274	133,856	133,856	133,856	136,754	150,936	163,206
Conditions still to be met - transferred to liabilities											
Provincial Government:											
Balance unspent at beginning of the year											
Current year receipts			25,415	36,959	53,169	10,114	10,114	10,114	2,554	9,876	10,777
Conditions met - transferred to revenue			25,415	36,959	53,169	10,114	10,114	10,114	2,554	9,876	10,777
Conditions still to be met - transferred to liabilities											
District Municipality:											
Balance unspent at beginning of the year											
Current year receipts											
Conditions met - transferred to revenue			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
Other grant providers:											
Balance unspent at beginning of the year											
Current year receipts											
Conditions met - transferred to revenue			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
Total operating transfers and grants revenue			93,022	114,788	155,443	143,970	143,970	143,970	139,308	160,812	173,983
Total operating transfers and grants - CTBM			2	-	-	-	-	-	-	-	-
Capital transfers and grants:			1,3								
National Government:											
Balance unspent at beginning of the year											
Current year receipts			-	-	-	43,886	43,886	43,886	33,757	34,556	35,993
Conditions met - transferred to revenue			-	-	-	43,886	43,886	43,886	33,757	34,556	35,993
Conditions still to be met - transferred to liabilities											
Provincial Government:											
Balance unspent at beginning of the year											
Current year receipts											
Conditions met - transferred to revenue			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
District Municipality:											
Balance unspent at beginning of the year											
Current year receipts											
Conditions met - transferred to revenue			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
Other grant providers:											
Balance unspent at beginning of the year											
Current year receipts											
Conditions met - transferred to revenue			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
Total capital transfers and grants revenue			-	-	-	43,886	43,886	43,886	33,757	34,556	35,993
Total capital transfers and grants - CTBM			2	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE			93,022	114,788	155,443	187,856	187,856	187,856	173,065	195,368	209,976
TOTAL TRANSFERS AND GRANTS - CTBM			-	-	-	-	-	-	-	-	-

2.11 Councillors and employee benefits

Table 39 MBRR SA22 - Summary of councillor and staff benefits

KZN291 Mandeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Re	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		5,928	6,767	7,155	7,960	7,960	7,960	9,248	9,747	10,312
Pension and UIF Contributions		—	—	—	692	692	692	692	729	771
Medical Aid Contributions		—	—	—	692	692	692	692	729	771
Motor Vehicle Allowance		1,372	1,329	1,390	1,200	1,200	1,200	1,200	1,264	1,338
Cellphone Allowance		430	671	710	745	745	745	745	785	831
Housing Allowances		298	393	389	695	695	695	695	733	776
Other benefits and allowances		—	—	—	—	—	—	—	—	—
Sub Total - Councillors		8,029	9,159	9,644	11,292	11,292	11,292	12,580	13,259	14,028
% increase	4		14.1%	5.3%	17.1%	—	—	11.4%	5.4%	5.8%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		756	—	—	4,622	4,622	4,622	4,909	5,174	5,474
Pension and UIF Contributions		—	—	—	368	368	368	371	391	414
Medical Aid Contributions		11	—	—	160	160	160	161	169	179
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	96	699	699	699	352	371	393
Motor Vehicle Allowance	3	—	—	—	933	933	933	933	984	1,041
Cellphone Allowance	3	—	—	—	80	80	80	80	85	90
Housing Allowances	3	289	—	—	88	88	88	88	92	98
Other benefits and allowances	3	—	—	—	—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Municipality		1,056	—	96	6,951	6,951	6,951	6,894	7,266	7,688
% increase	4		(100.0%)	—	7,117.2%	—	—	(0.8%)	5.4%	5.8%
Other Municipal Staff										
Basic Salaries and Wages		21,745	29,624	41,771	43,974	43,974	43,974	50,976	53,729	56,845
Pension and UIF Contributions		3,649	4,957	6,142	3,147	3,147	3,147	3,168	3,339	3,533
Medical Aid Contributions		1,733	2,076	2,965	1,628	1,628	1,628	1,630	1,718	1,817
Overtime		856	706	642	229	229	229	155	163	173
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	730	1,417	2,038	4,069	4,069	4,069	4,706	4,960	5,247
Cellphone Allowance	3	139	271	318	236	236	236	180	190	201
Housing Allowances	3	18	23	38	381	381	381	251	265	280
Other benefits and allowances	3	—	—	—	—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
Sub Total - Other Municipal Staff		28,870	39,074	53,915	53,663	53,663	53,663	61,066	64,363	68,096
% increase	4		35.3%	38.0%	(0.5%)	—	—	13.8%	5.4%	5.8%
Total Parent Municipality		37,954	48,233	63,655	71,906	71,906	71,906	80,539	84,888	89,812
			27.1%	32.0%	13.0%	—	—	12.0%	5.4%	5.8%
Total Municipal Entities		—	—	—	—	—	—	—	—	—
TOTAL SALARY, ALLOWANCES		37,954	48,233	63,655	71,906	71,906	71,906	80,539	84,888	89,812
% increase	4		27.1%	32.0%	13.0%	—	—	12.0%	5.4%	5.8%
TOTAL MANAGERS AND STAFF	5.7	29,926	39,074	54,011	60,614	60,614	60,614	67,960	71,629	75,784

Table 40 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

KZN291 Mandeni - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	ons	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<u>Councillors</u>	3							
Speaker	4		709,290		25,511			734,802
Chief Whip			341,346		25,511			366,857
Executive Mayor			886,612		25,511			912,124
Deputy Executive Mayor			709,290		25,511			734,802
Executive Committee			2,150,035		102,046			2,252,081
Total for all other councillors			6,915,585		663,296			7,578,882
Total Councillors	8	#	11,712,159	–	867,388			12,579,546
<u>Senior Managers of the Municipality</u>	5							
Municipal Manager (MM)			833,910	104,942	236,617	68,617		1,244,086
Chief Finance Officer			757,630	92,113	234,946	56,751		1,141,440
			757,630	89,575	237,483	56,751		1,141,440
			757,630	102,265	224,795	56,751		1,141,440
			757,630	114,954	212,105	56,751		1,141,440
			757,630	108,609	218,450	56,751		1,141,440
List of each official with packages >= senior manager								–
								–
Total Senior Managers of the Municipality	8,10	#	4,622,059	612,457	1,364,396	352,373		6,951,286
<u>A Heading for Each Entity</u>	6,7							
List each member of board by designation								–
								–
Total for municipal entities	8,10	#	–	–	–	–		–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE	10	#	16,334,218	612,457	2,231,784	352,373		19,530,833

Table 41 MBRR SA24 – Summary of personnel numbers

KZN291 Mandeni - Supporting Table SA24 Summary of personnel numbers										
Summary of Personnel Numbers	Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Members of municipal entities)	4	34	34		34	3	31	34	3	31
Municipal employees	5									
Municipal Manager and Senior Managers	3	4	4		6		6	6	–	6
Other Managers	7	7	7		15	15		15	15	
Professionals		5	5	–	34	27	7	41	35	6
Finance					22	17	5	24	19	5
Spatial/town planning					3	2	1	3	2	1
Information Technology					1		1	4	4	
Roads					1	1		2	2	
Electricity					1	1		1	1	
Water								1	1	
Sanitation										
Refuse										
Other		5	5		6	6		6	6	
Technicians		6	6	–	16	16	–	20	20	–
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity					2	2		4	4	
Water										
Sanitation										
Refuse										
Other		6	6		14	14		16	16	
Clerks (Clerical and administrative)		34	34		39	39		39	39	
Service and sales workers		25	25		29	29		29	29	
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		48	48		21	21		21	21	
Elementary Occupations		13	13		65	65		65	65	
TOTAL PERSONNEL NUMBERS	9	176	176	–	259	215	44	270	227	43
% increase					47.2%	22.2%	–	4.2%	5.6%	(2.3%)
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

2.12 Monthly targets for revenue, expenditure and cash flow

Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure

KZN291 Mandeni - Supporting Table SA25 Budgeted monthly revenue and expenditure																
Description	Ref	Budget Year 2016/17												Medium Term Revenue and		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source																
Property rates			2,677	2,677	2,677	2,677	2,677	2,677	2,677	2,677	2,677	2,677	2,167	28,937	30,499	32,146
Property rates - penalties & collection charges		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue		1,226	1,226	1,226	1,226	1,226	1,226	1,226	1,226	1,226	1,226	1,226	(1,251)	12,236	31,896	33,619
Service charges - water revenue		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue		579	579	579	579	579	579	579	579	579	579	579	1,556	7,920	8,348	8,799
Service charges - other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		17	17	17	17	17	17	17	17	17	17	17	120	305	321	339
Interest earned - external investments		250	250	250	250	250	250	250	250	250	250	250	820	3,570	3,763	3,966
Interest earned - outstanding debtors		500	500	500	500	500	500	500	500	500	500	500	2,000	7,500	9,435	10,997
Dividends received		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines		42	42	42	42	42	42	42	42	42	42	42	1,642	2,105	2,219	2,338
Licences and permits		25	25	25	25	25	25	25	25	25	25	25	980	1,255	1,322	1,394
Agency services		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers recognised - operational		11,998	11,998	11,998	11,998	11,998	11,998	11,998	11,998	11,998	11,998	11,998	7,336	139,308	160,812	173,983
Other revenue		34	34	34	34	34	34	34	34	34	34	34	234	605	677	714
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and		14,670	17,347	17,347	17,347	17,347	17,347	17,347	17,347	17,347	17,347	17,347	15,603	203,740	249,292	268,295
Expenditure By Type																
Employee related costs		5,051	5,051	5,051	5,051	5,051	5,051	5,051	5,051	5,051	5,051	5,051	12,397	67,960	71,629	75,784
Remuneration of councillors		941	941	941	941	941	941	941	941	941	941	941	2,228	12,580	13,259	14,028
Debt impairment		268	268	268	268	268	268	268	268	268	268	268	680	3,629	3,825	4,032
Depreciation & asset impairment		1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	3,583	21,000	22,711	23,931
Finance charges		—	—	—	—	—	—	—	—	—	—	—	1,810	1,810	1,908	2,011
Bulk purchases		1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	(1,914)	9,596	30,115	34,007
Other materials		1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	(2,658)	14,924	15,730	18,604
Contracted services		1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	2,285	16,352	17,804	18,747
Transfers and grants		1,633	1,633	1,633	1,633	1,633	1,633	1,633	1,633	1,633	1,633	1,633	(6,817)	11,150	23,432	27,278
Other expenditure		3,494	3,494	3,494	3,494	3,494	3,494	3,494	3,494	3,494	3,494	3,494	6,302	44,740	48,879	49,872
Loss on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure		16,895	16,895	16,895	16,895	16,895	16,895	16,895	16,895	16,895	16,895	16,895	17,897	203,740	249,292	268,295
Surplus/(Deficit)		(2,225)	452	452	452	452	452	452	452	452	452	452	(2,294)	0	0	(0)
Transfers recognised - capital		3,657											30,100	33,757	34,556	35,993
Contributions recognised - capital													—	—	—	—
Contributed assets													—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		1,432	452	452	452	452	452	452	452	452	452	452	27,806	33,757	34,556	35,993
Taxation													—	—	—	—
Attributable to minorities													—	—	—	—
Share of surplus/ (deficit) of associate													—	—	—	—
Surplus/(Deficit)	1	1,432	452	452	452	452	452	452	452	452	452	452	27,806	33,757	34,556	35,993

Table 43 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

KZN291 Mandeni - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)																
Description	Ref	Budget Year 2016/17												Medium Term Revenue and		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote																
Vote 1 - Executive and Council		557	557	557	557	557	557	557	557	557	557	557	557	6,678	7,002	7,346
Vote 2 - Budget and Terasury		12,720	12,720	12,720	12,720	12,720	12,720	12,720	12,720	12,720	12,720	12,720	12,720	152,640	163,734	174,136
Vote 3 - Corporate Services		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 4 - Community and Social Services		157	157	157	157	157	157	157	157	157	157	157	157	1,887	1,964	2,044
Vote 5 - Sport and Recreation		1	1	1	1	1	1	1	1	1	1	1	1	12	13	13
Vote 6 - Public Safety		287	287	287	287	287	287	287	287	287	287	287	287	3,448	3,634	3,830
Vote 7 - Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 8 - Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 9 - Planning and Development		33	33	33	33	33	33	33	33	33	33	33	33	390	411	433
Vote 10 - Environmental Protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 11 - Road transport		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 12 - Waste Management		1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	12,920	14,348	15,799
Vote 13 - Electricity		2,147	2,147	2,147	2,147	2,147	2,147	2,147	2,147	2,147	2,147	2,147	2,147	25,766	58,187	64,693
Vote 14 - [NAME OF VOTE 14]														—	—	—
Vote 15 - [NAME OF VOTE 15]														—	—	—
Total Revenue by Vote		16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	203,740	249,292	268,295
Expenditure by Vote to be appropriated																
Vote 1 - Executive and Council		2,894	2,894	2,894	2,894	2,894	2,894	2,894	2,894	2,894	2,894	2,894	2,894	34,731	38,056	39,417
Vote 2 - Budget and Terasury		3,977	3,977	3,977	3,977	3,977	3,977	3,977	3,977	3,977	3,977	3,977	3,977	47,728	48,196	49,986
Vote 3 - Corporate Services		1,521	1,521	1,521	1,521	1,521	1,521	1,521	1,521	1,521	1,521	1,521	1,521	18,254	19,240	22,343
Vote 4 - Community and Social Services		792	792	792	792	792	792	792	792	792	792	792	792	9,506	10,020	10,591
Vote 5 - Sport and Recreation		119	119	119	119	119	119	119	119	119	119	119	119	1,430	1,508	1,591
Vote 6 - Public Safety		1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269	15,223	16,045	16,939
Vote 7 - Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 8 - Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 9 - Planning and Development		2,229	2,229	2,229	2,229	2,229	2,229	2,229	2,229	2,229	2,229	2,229	2,229	26,750	28,798	30,383
Vote 10 - Environmental Protection		539	539	539	539	539	539	539	539	539	539	539	539	6,473	6,822	7,201
Vote 11 - Road transport		885	885	885	885	885	885	885	885	885	885	885	885	10,616	12,439	13,131
Vote 12 - Waste Management		682	682	682	682	682	682	682	682	682	682	682	682	8,180	10,298	10,863
Vote 13 - Electricity		2,071	2,071	2,071	2,071	2,071	2,071	2,071	2,071	2,071	2,071	2,071	2,071	24,848	57,871	65,851
Vote 14 - [NAME OF VOTE 14]														—	—	—
Vote 15 - [NAME OF VOTE 15]														—	—	—
Total Expenditure by Vote		16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	203,740	249,292	268,295
Surplus/(Deficit) before assoc.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	(0)
Taxation														—	—	—
Attributable to minorities														—	—	—
Share of surplus/ (deficit) of associate														—	—	—
Surplus/(Deficit)	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(0)

Table 44 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

KZN291 Mandeni - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)																
Description	Ref	Budget Year 2016/17												Medium Term Revenue and		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard																
Governance and administration		13,276	13,276	13,276	13,276	13,276	13,276	13,276	13,276	13,276	13,276	13,276	13,276	159,318	170,736	181,482
Executive and council		557	557	557	557	557	557	557	557	557	557	557	557	6,678	7,002	7,346
Budget and treasury office		12,720	12,720	12,720	12,720	12,720	12,720	12,720	12,720	12,720	12,720	12,720	12,720	152,640	163,734	174,136
Corporate services		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Community and public safety		446	446	446	446	446	446	446	446	446	446	446	446	5,347	5,611	5,888
Community and social services		157	157	157	157	157	157	157	157	157	157	157	157	1,887	1,964	2,044
Sport and recreation		1	1	1	1	1	1	1	1	1	1	1	1	12	13	13
Public safety		287	287	287	287	287	287	287	287	287	287	287	287	3,448	3,634	3,830
Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental services		33	33	33	33	33	33	33	33	33	33	33	33	390	411	433
Planning and development		33	33	33	33	33	33	33	33	33	33	33	33	390	411	433
Road transport		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Trading services		3,224	3,224	3,224	3,224	3,224	3,224	3,224	3,224	3,224	3,224	3,224	3,224	38,686	72,535	80,492
Electricity		2,147	2,147	2,147	2,147	2,147	2,147	2,147	2,147	2,147	2,147	2,147	2,147	25,766	58,187	64,693
Water		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste management		1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	12,920	14,348	15,799
Other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue - Standard		16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	203,740	249,292	268,295
Expenditure - Standard																
Governance and administration		8,393	8,393	8,393	8,393	8,393	8,393	8,393	8,393	8,393	8,393	8,393	8,393	100,713	105,492	111,746
Executive and council		2,894	2,894	2,894	2,894	2,894	2,894	2,894	2,894	2,894	2,894	2,894	2,894	34,731	38,056	39,417
Budget and treasury office		3,977	3,977	3,977	3,977	3,977	3,977	3,977	3,977	3,977	3,977	3,977	3,977	47,728	48,196	49,986
Corporate services		1,521	1,521	1,521	1,521	1,521	1,521	1,521	1,521	1,521	1,521	1,521	1,521	18,254	19,240	22,343
Community and public safety		2,180	2,180	2,180	2,180	2,180	2,180	2,180	2,180	2,180	2,180	2,180	2,180	26,160	27,573	29,120
Community and social services		792	792	792	792	792	792	792	792	792	792	792	792	9,506	10,020	10,591
Sport and recreation		119	119	119	119	119	119	119	119	119	119	119	119	1,430	1,508	1,591
Public safety		1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269	15,223	16,045	16,939
Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental services		3,653	3,653	3,653	3,653	3,653	3,653	3,653	3,653	3,653	3,653	3,653	3,653	43,839	48,059	50,716
Planning and development		2,229	2,229	2,229	2,229	2,229	2,229	2,229	2,229	2,229	2,229	2,229	2,229	26,750	28,798	30,383
Road transport		885	885	885	885	885	885	885	885	885	885	885	885	10,616	12,439	13,131
Environmental protection		539	539	539	539	539	539	539	539	539	539	539	539	6,473	6,822	7,201
Trading services		2,752	2,752	2,752	2,752	2,752	2,752	2,752	2,752	2,752	2,752	2,752	2,752	33,028	68,168	76,713
Electricity		2,071	2,071	2,071	2,071	2,071	2,071	2,071	2,071	2,071	2,071	2,071	2,071	24,848	57,871	65,851
Water		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste management		682	682	682	682	682	682	682	682	682	682	682	682	8,180	10,298	10,863
Other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure - Standard		16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	16,978	203,740	249,292	268,295
Surplus/(Deficit) before assoc.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	(0)
Share of surplus/ (deficit) of associate														—	—	—
Surplus/(Deficit)	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(0)

Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

KZN291 Mandeni - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)																
Description	Ref	Budget Year 2016/17												Medium Term Revenue		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Multi-year expenditure to be appropriated	1															
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Terasury		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Terasury		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		180	180	180	180	180	180	180	180	180	180	180	180	2,160	-	-
Vote 4 - Community and Social Services		179	179	179	179	179	179	179	179	179	179	179	179	2,150	3,706	112
Vote 5 - Sport and Recreation		63	63	63	63	63	63	63	63	63	63	63	63	750	200	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		722	722	722	722	722	722	722	722	722	722	722	722	8,665	-	-
Vote 10 - Environmental Protection		17	17	17	17	17	17	17	17	17	17	17	17	200	-	-
Vote 11 - Road transport		2,980	2,980	2,980	2,980	2,980	2,980	2,980	2,980	2,980	2,980	2,980	2,980	35,757	34,556	37,993
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Electricity		125	125	125	125	125	125	125	125	125	125	125	125	1,500	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	51,182	38,462	38,105
Total Capital Expenditure	2	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	51,182	38,462	38,105

Table 46 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

KZN291 Mandeni - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)																
Description	Ref	Budget Year 2016/17												Medium Term Revenue		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard	1															
Governance and administration		180	180	180	180	180	180	180	180	180	180	180	180	2,160	–	–
Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Budget and treasury office		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Corporate services		180	180	180	180	180	180	180	180	180	180	180	180	2,160	–	–
Community and public safety		242	242	242	242	242	242	242	242	242	242	242	242	2,900	3,906	112
Community and social services		179	179	179	179	179	179	179	179	179	179	179	179	2,150	3,706	112
Sport and recreation		63	63	63	63	63	63	63	63	63	63	63	63	750	200	–
Public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		3,719	3,719	3,719	3,719	3,719	3,719	3,719	3,719	3,719	3,719	3,719	3,719	44,622	34,556	37,993
Planning and development		722	722	722	722	722	722	722	722	722	722	722	722	8,665	–	–
Road transport		2,980	2,980	2,980	2,980	2,980	2,980	2,980	2,980	2,980	2,980	2,980	2,980	35,757	34,556	37,993
Environmental protection		17	17	17	17	17	17	17	17	17	17	17	17	200	–	–
Trading services		125	125	125	125	125	125	125	125	125	125	125	125	1,500	–	–
Electricity		125	125	125	125	125	125	125	125	125	125	125	125	1,500	–	–
Water		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other														–	–	–
Total Capital Expenditure - Standard	2	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	51,182	38,462	38,105
Funded by:																
National Government													33,757	33,757	34,556	35,993
Provincial Government													–	–	–	–
District Municipality													–	–	–	–
Other transfers and grants													–	–	–	–
Transfers recognised - capital		–	–	–	–	–	–	–	–	–	–	–	33,757	33,757	34,556	35,993
Public contributions & donations													–	–	–	–
Borrowing													–	–	–	–
Internally generated funds													17,425	17,425	3,906	2,112
Total Capital Funding		–	–	–	–	–	–	–	–	–	–	–	51,182	51,182	38,462	38,105

Table 47 MBRR SA30 - Budgeted monthly cash flow

KZN291 Mandeni - Supporting Table SA30 Budgeted monthly cash flow																
MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Receipts By Source																
Property rates			1,918	1,918	1,918	1,918	1,918	1,918	1,918	1,918	1,918	1,918	—	19,180	20,216	21,307
Property rates - penalties & collection charge		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue		676	676	676	676	676	676	676	676	676	676	676	676	8,110	40,142	42,284
Service charges - water revenue		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue		437	437	437	437	437	437	437	437	437	437	437	437	5,250	5,533	5,832
Service charges - other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		25	25	25	25	25	25	25	25	25	25	25	25	305	321	339
Interest earned - external investments		298	298	298	298	298	298	298	298	298	298	298	298	3,570	3,763	3,966
Interest earned - outstanding debtors		31	31	31	31	31	31	31	31	31	31	31	31	375	472	550
Dividends received		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines		2	2	2	2	2	2	2	2	2	2	2	2	21	22	23
Licences and permits		105	105	105	105	105	105	105	105	105	105	105	105	1,255	1,322	1,394
Agency services		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer receipts - operational		51,587	4,637	—	—	43,287	—	—	—	39,797	—	—	—	139,308	160,812	173,983
Other revenue		50	50	50	50	50	50	50	50	50	50	50	50	605	677	714
Cash Receipts by Source		53,211	8,179	3,542	3,542	46,829	3,542	3,542	3,542	43,339	3,542	3,542	1,624	177,979	233,280	250,391
Other Cash Flows by Source																
Transfer receipts - capital		11,421	—	9,623	—	—	—	—	—	11,421	—	—	1,292	33,757	34,556	35,993
Contributions recognised - capital & Contrib		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proceeds on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Short term loans		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (Increase) in non-current debtors		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) other non-current receivables		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Receipts by Source		64,632	8,179	13,165	3,542	46,829	3,542	3,542	3,542	54,760	3,542	3,542	2,916	211,736	267,836	286,384
Cash Payments by Type																
Employee related costs		5,663	5,663	5,663	5,663	5,663	5,663	5,663	5,663	5,663	5,663	5,663	5,663	67,960	71,629	75,784
Remuneration of councillors		1,048	1,048	1,048	1,048	1,048	1,048	1,048	1,048	1,048	1,048	1,048	1,048	12,580	13,259	14,028
Finance charges		151	151	151	151	151	151	151	151	151	151	151	151	1,810	1,908	2,011
Bulk purchases - Electricity		800	800	800	800	800	800	800	800	800	800	800	800	9,596	30,115	34,007
Bulk purchases - Water & Sewer		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other materials		1,244	1,244	1,244	1,244	1,244	1,244	1,244	1,244	1,244	1,244	1,244	1,244	14,924	15,730	18,604
Contracted services		1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	16,352	17,804	18,747
Transfers and grants - other municipalities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and grants - other		929	929	929	929	929	929	929	929	929	929	929	929	11,150	23,432	27,278
Other expenditure		3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	44,740	48,879	49,872
Cash Payments by Type		14,926	14,926	14,926	14,926	14,926	14,926	14,926	14,926	14,926	14,926	14,926	14,926	179,111	222,756	240,331
Other Cash Flows/Payments by Type																
Capital assets		4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265	51,182	38,462	38,105
Repayment of borrowing		101	101	101	101	101	101	101	101	101	101	101	101	1,210	1,300	1,500
Other Cash Flows/Payments		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Payments by Type		19,292	19,292	19,292	19,292	19,292	19,292	19,292	19,292	19,292	19,292	19,292	19,292	231,503	262,518	279,936
NET INCREASE/(DECREASE) IN CASH HELD		45,340	(11,113)	(6,127)	(15,750)	27,537	(15,750)	(15,750)	(15,750)	35,468	(15,750)	(15,750)	(16,376)	(19,767)	5,318	6,448
Cash/cash equivalents at the month/year beg		25,361	70,701	59,589	53,462	37,712	65,250	49,500	33,750	18,001	53,469	37,719	21,970	25,361	5,594	10,912
Cash/cash equivalents at the month/year end		70,701	59,589	53,462	37,712	65,250	49,500	33,750	18,001	53,469	37,719	21,970	5,594	5,594	10,912	17,361

2.13 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.14 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 48 MBRR SA 34a - Capital expenditure on new assets by asset class

KZN291 Mandeni - Supporting Table SA34a Capital expenditure on new assets by asset class										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		42,170	42,170	42,170	34,263	34,263	34,263	33,757	34,556	35,993
Infrastructure - Road transport		42,164	42,164	42,164	34,263	34,263	34,263	33,757	34,556	35,993
Roads, Pavements & Bridges		39,831	39,831	39,831	34,263	34,263	34,263	33,757	34,556	35,993
Storm water		2,334	2,334	2,334	-	-	-	-	-	-
Infrastructure - Electricity		6	6	6	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting		6	6	6	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas	3	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Community		822	822	822	3,574	400	400	900	2,000	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	1,174	-	-	-	-	-
Community halls		822	822	822	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	400	400	400	400	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	2,000	-	-	500	2,000	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		5,633	5,633	5,633	20,871	10,092	10,092	2,910	1,006	7
General vehicles		-	-	-	529	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		591	591	591	1,100	-	-	560	-	-
Computers - hardware/equipment		1,096	1,096	1,096	837	837	837	1,620	-	-
Furniture and other office equipment		1,140	1,140	1,140	3,205	2,205	2,205	730	1,006	7
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	15,200	7,050	7,050	-	-	-
Other Buildings		2,773	2,773	2,773	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		33	33	33	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new	1	48,626	48,626	48,626	58,708	44,755	44,755	37,567	37,562	36,000
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

Table 49 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

KZN291 Mandeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		—	—	—	22,123	19,123	19,123	3,500	—	2,000
Infrastructure - Road transport		—	—	—	20,623	15,623	15,623	2,000	—	2,000
Roads, Pavements & Bridges		—	—	—	20,623	15,623	15,623	2,000	—	2,000
Storm water		—	—	—	—	—	—	—	—	—
Infrastructure - Electricity		—	—	—	1,500	3,500	3,500	1,500	—	—
Generation		—	—	—	—	—	—	—	—	—
Transmission & Reticulation		—	—	—	1,000	3,000	3,000	1,500	—	—
Street Lighting		—	—	—	500	500	500	—	—	—
Infrastructure - Water		—	—	—	—	—	—	—	—	—
Dams & Reservoirs		—	—	—	—	—	—	—	—	—
Water purification		—	—	—	—	—	—	—	—	—
Reticulation		—	—	—	—	—	—	—	—	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Reticulation		—	—	—	—	—	—	—	—	—
Sewerage purification		—	—	—	—	—	—	—	—	—
Infrastructure - Other		—	—	—	—	—	—	—	—	—
Waste Management		—	—	—	—	—	—	—	—	—
Transportation	2	—	—	—	—	—	—	—	—	—
Gas		—	—	—	—	—	—	—	—	—
Other	3	—	—	—	—	—	—	—	—	—
Community		—	—	—	1,131	691	691	1,500	900	105
Parks & gardens		—	—	—	—	—	—	—	—	—
Sportsfields & stadia		—	—	—	370	670	670	300	200	—
Swimming pools		—	—	—	—	—	—	700	—	—
Community halls		—	—	—	—	—	—	500	700	105
Libraries		—	—	—	761	21	21	—	—	—
Recreational facilities		—	—	—	—	—	—	—	—	—
Fire, safety & emergency		—	—	—	—	—	—	—	—	—
Security and policing		—	—	—	—	—	—	—	—	—
Buses	7	—	—	—	—	—	—	—	—	—
Clinics		—	—	—	—	—	—	—	—	—
Museums & Art Galleries		—	—	—	—	—	—	—	—	—
Cemeteries		—	—	—	—	—	—	—	—	—
Social rental housing	8	—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Buildings		—	—	—	—	—	—	—	—	—
Other	9	—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Housing development		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Other assets		—	—	—	150	150	150	8,555	—	—
General vehicles		—	—	—	—	—	—	120	—	—
Specialised vehicles	10	—	—	—	—	—	—	130	—	—
Plant & equipment		—	—	—	—	—	—	200	—	—
Computers - hardware/equipment		—	—	—	—	—	—	55	—	—
Furniture and other office equipment		—	—	—	150	150	150	50	—	—
Abattoirs		—	—	—	—	—	—	—	—	—
Markets		—	—	—	—	—	—	—	—	—
Civic Land and Buildings		—	—	—	—	—	—	8,000	—	—
Other Buildings		—	—	—	—	—	—	—	—	—
Other Land		—	—	—	—	—	—	—	—	—
Surplus Assets - (Investment or Inventory)		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Agricultural assets		—	—	—	—	—	—	—	—	—
List sub-class		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
List sub-class		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	60	—	—
Computers - software & programming		—	—	—	—	—	—	60	—	—
Other (list sub-class)		—	—	—	—	—	—	—	—	—
Total Capital Expenditure on renewal of existing assets	1	—	—	—	23,404	19,964	19,964	13,615	900	2,105
Specialised vehicles		—	—	—	—	—	—	—	—	—
Refuse		—	—	—	—	—	—	—	—	—
Fire		—	—	—	—	—	—	—	—	—
Conservancy		—	—	—	—	—	—	—	—	—
Ambulances		—	—	—	—	—	—	—	—	—
Renewal of Existing Assets as % of total expenditure		0.0%	0.0%	0.0%	28.5%	30.8%	30.8%	26.6%	2.3%	5.5%
Renewal of Existing Assets as % of de		0.0%	0.0%	0.0%	123.2%	105.1%	105.1%	64.8%	4.0%	8.8%

Table 50 MBRR SA34c - Repairs and maintenance expenditure by asset class

KZN291 Mandeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		8,583	11,299	14,834	18,929	18,229	18,229	17,003	17,921	18,938
Infrastructure - Road transport		7,762	10,540	13,878	17,429	16,929	16,929	16,003	16,867	17,827
Roads, Pavements & Bridges		2,164	2,473	3,642	7,125	6,625	6,625	4,450	4,690	4,944
Storm water		5,598	8,067	10,236	10,304	10,304	10,304	11,553	12,177	12,883
Infrastructure - Electricity		821	759	956	1,500	1,300	1,300	1,000	1,054	1,111
Generation		821	759	956	1,500	1,300	1,300	1,000	1,054	1,111
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation										
Gas										
Other										
Community		2,559	4,492	3,084	3,980	3,980	3,980	3,780	3,984	4,200
Parks & gardens		2,452	2,081	3,084	3,700	3,700	3,700	3,500	3,689	3,888
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency		107	2,410	-	280	280	280	280	295	311
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other										
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		3,164	2,728	4,087	6,574	4,424	4,424	5,694	6,001	8,350
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		1,449	967	1,427	1,986	1,786	1,786	1,503	1,584	1,670
Plant & equipment										
Computers - hardware/equipment		562	150	301	1,697	997	997	693	731	2,795
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings		424	915	1,610	1,600	550	550	2,202	2,321	2,447
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		729	695	748	1,292	1,092	1,092	1,295	1,365	1,439
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Repairs and Maintenance	1	14,306	18,518	22,004	29,484	26,634	26,634	26,477	27,907	31,488
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
R&M as a % of PPE		6.2%	7.1%	7.1%	9.9%	7.6%	7.6%	7.0%	7.1%	7.5%
R&M as % Operating Expenditure		11.8%	11.2%	10.5%	14.5%	13.3%	13.3%	13.0%	11.2%	11.7%

Table 51 MBRR SA35 - Future financial implications of the capital budget

KZN291 Mandeni - Supporting Table SA35 Future financial implications of the capital budget								
Vote Description R thousand	Ref	2016/17 Medium Term			Forecasts			Present value
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	
Capital expenditure	1							
Vote 1 - Executive and Council		–	–	–				
Vote 2 - Budget and Terasury		–	–	–				
Vote 3 - Corporate Services		2,160	–	–				
Vote 4 - Community and Social Service		2,150	3,706	112				
Vote 5 - Sport and Recreation		750	200	–				
Vote 6 - Public Safety		–	–	–				
Vote 7 - Housing		–	–	–				
Vote 8 - Health		–	–	–				
Vote 9 - Planning and Development		8,665	–	–				
Vote 10 - Environmental Protection		200	–	–				
Vote 11 - Road transport		35,757	34,556	37,993				
Vote 12 - Waste Management		–	–	–				
Vote 13 - Electricity		1,500	–	–				
Vote 14 - [NAME OF VOTE 14]		–	–	–				
Vote 15 - [NAME OF VOTE 15]		–	–	–				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		51,182	38,462	38,105	–	–	–	–
Future operational costs by vote	2							
Vote 1 - Executive and Council								
Vote 2 - Budget and Terasury								
Vote 3 - Corporate Services								
Vote 4 - Community and Social Services								
Vote 5 - Sport and Recreation								
Vote 6 - Public Safety								
Vote 7 - Housing								
Vote 8 - Health								
Vote 9 - Planning and Development								
Vote 10 - Environmental Protection								
Vote 11 - Road transport								
Vote 12 - Waste Management								
Vote 13 - Electricity								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
<i>List entity summary if applicable</i>								
Total future operational costs		–	–	–	–	–	–	–
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		–	–	–	–	–	–	–
Net Financial Implications		51,182	38,462	38,105	–	–	–	–

Table 52 MBRR SA36 - Detailed capital budget per municipal vote

KZN291 Mandeni - Supporting Table SA36 Detailed capital budget																	
Municipal Vote/Capital project	Re	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information		
R thousand	4			2	6	3	3	5		Audited Outcome 2014/15	Current Year 2015/16 Full Year	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal	
Parent municipality:																	
List all capital projects grouped by Municipal Vote																	
Vote 1 - Executive and Council		2x laptop	5		No	Other Assets	Computers - hardware/equipment			20							
Municipal Mananger		2 laptops	6		No	Other Assets	Computers - hardware/equipment			16							
		1 laptop (CAE)	7		No	Other Assets	Computers - hardware/equipment			8							
		printer	8		No	Other Assets	Computers - hardware/equipment			5							
		1 Printer(specialised print)	9		No	Other Assets	Computers - hardware/equipment			8							
		PA system	10		No	Other Assets	Furniture and other office equipment			20							
		Loud hailers	11		No	Other Assets	Furniture and other office equipment			10							
		Camera	12		No	Other Assets	Furniture and other office equipment			10							
		Office Desk	13		No	Other Assets	Furniture and other office equipment			2							
		Office Desks	3		No	Other Assets	Furniture and other office equipment			30							
		Office Equipment			No	Other Assets	Furniture and other office equipment			-	83	-	-	-	MLM	New	
Vote 2 - Budget and Terasury		4 x Laptop	14		No	Other Assets	Computers - hardware/equipment			60							
		5 x Computers	15		No	Other Assets	Computers - hardware/equipment			40							
		2 x L-shape Desks	16		No	Other Assets	Furniture and other office equipment			20	30	-	-	-	MLM	New	
		Filling Cabinet			No	Other Assets	Furniture and other office equipment				7	-	-	-	MLM	New	
Vote 3 - Corporate Services		2x Combo Desks			No	Other Assets	Furniture and other office equipment				100	-	-	-	MLM	New	
		Server upgrade	17		No	Other Assets	Computers - hardware/equipment			100							
		Biometric access control	18		No	Other Assets	Computers - hardware/equipment			300							
		Furniture	19		No	Other Assets	Furniture and other office equipment			100	500	500	-	-	MLM	New	
		Generator			No	Other Assets	Furniture and other office equipment				350	-	-	-	MLM	New	
		20 Computers(Hard Drives & Network)			No	Other Assets	Computers - hardware/equipment				180	700			MLM	New	
		Laptops/Computers			No	Other Assets	Computers - hardware/equipment				50	600			MLM	New	
		Airconditioners			No	Other Assets	Furniture and other office equipment					360	-	-	MLM	New	
Vote 4 - Community and Social		Swimming pool	31		No	Community	Swimming pools			300							
		Pool vacuum	32		No	Other Assets	Plant & equipment			100							
		Establish cricket ground	33		No	Community	Sportsfields & stadia	9°8'8.634"S ; 31°23'51.742"E									
		Upgrade tennis court	34		No	Community	Sportsfields & stadia	9°7'36.264"S ; 31°23'33.415"E			100						
		Combo Goal Posts Sport fie	35		No	Community	Sportsfields & stadia	9°8'8.634"S ; 31°23'51.742"E			100						
		Laptops/Computers	36		No	Other Assets	Computers - hardware/equipment			35		100	-	-	MLM	New	
		Printers/WIFI	37		No	Other Assets	Computers - hardware/equipment			15		200	-	-	MLM		
		Acoustics instillation - Sibus	38		No	Community	Community halls	9°5'1.211"S ; 31°24'42.023"E				1,000	700	1,000	Ward 7	Renewal	
		Mobile Libraries	39		No	Other Assets	Furniture and other office equipment			100	740	-	-	-	Ward 7	New	
		Library Furniture	40		No	Other Assets	Furniture and other office equipment				21	150	6	7	Ward 3,7		
		Library Cupboards	41		No	Other Assets	Furniture and other office equipment			250		500	-	-	MLM	New	
		Community Hall			No	Land & Buidings	Community halls				1,692	-	-	-	Ward 11	New	
		Cemetery			No	Land & Buidings	Land & Buidings				2,000	500	2,000	7,105	To be Determined	New	

KZN291 Mandeni - Supporting Table SA36 Detailed capital budget																
Municipal Vote/Capital project	Re	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4			2	6	3	3	5		Audited Outcome 2014/15	Current Year 2015/16 Full Year	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
Parent municipality:																
<i>List all capital projects grouped by Municipal Vote</i>																
Vote 5 - Sport and Recreation		Swimming pool development			No	Community	Swimming Pool	29°8'8.838"S ; 31°2'3'55.13"E			1,174	-	-	-	Ward 15	New
		Sport field and stadium			No	Community	Sportsfields & stadia			370		300	200		Ward 9,14 &1	Renewal
		Quad Bike/Rescue Boat/Beach Stand			No	Community	Sportsfields & stadia					450	-	-		
Vote 6 - Public Safety		Traffic Patrol Vehicles			No	Other Assets	General Vehicle			529		-			MLM	New
Vote 7 - Housing																
Vote 8 - Health																
Vote 9 - Planning and Development		Furniture	77		No	Other Assets	Furniture and other office equipment			50	200	90	-	-	MLM	New
		Computers/Laptops	78		No	Other Assets	Computers - hardware/equipment			40		100	-	-		
		Computers for new recruits				Other Assets	Computers - hardware/equipment			30						
		Office Furniture for new recruits	82		No	Other Assets	Furniture and other office equipment			30						
		Fridge	87		No	Other Assets	Furniture and other office equipment			2						
		Reception furniture	88		No	Other Assets	Furniture and other office equipment			10						
		Refurbishment of existing ablutions	89		No	Community	Buildings	29°9'12.938"S ; 31°24'33.092"E		4,000	15,000	8,000	15,000	-	Ward 3 & 15	Renewal
		Ablutions and changerooms	90		No	Community	Buildings			300						
		Informal trader stalls	91		No	Community	Other Buildings			2,510						
		Light Delivery Vehicles (LDVs)	92		No	Other Assets	General vehicles			900						
		trailers	93		No	Other Assets	Plant & equipment			150						
		workshop equipment	94		No	Other Assets	Plant & equipment			100						
		Airconditioners			No	Other Assets	Plant & equipment				200		-	-	MLM	New
		Ingwenya nature reserve			No	Other Assets	Plant & equipment	29°10'14.453"S ; 31°25'54.917"E		400		400	-	-	Ward 3	Renewal
		GPS Device/Arch GIS			No	Other Assets	Plant & equipment					75	-	-		
Vote 10 - Environmental Protection		Brushcutters	96		No	Other Assets	Plant & equipment			100						
		ride mower	97		No	Other Assets	Plant & equipment									
		4 tonne crew cab and load bed	98		No	Other Assets	Plant & equipment									
		ride mower	99		No	Other Assets	Plant & equipment			220						
		Push mowers	100		No	Other Assets	Plant & equipment			50						
		Plant nursery	101		No	Other Assets	Plant & equipment			100						
		Plants and trees	102		No	Other Assets	Plant & equipment									
		Storage container	103		No	Other Assets	Plant & equipment			50						
		Small tools	104		No	Other Assets	Plant & equipment			40		200	-	-		

KZN291 Mandeni - Supporting Table SA36 Detailed capital budget																
Municipal Vote/Capital project	Re	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4				6	3	3	5		Audited Outcome 2014/15	Current Year 2015/16 Full Year	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
Parent municipality:																
List all capital projects grouped by Municipal Vote																
Vote 11 - Road transport		Wood Chipper					Plant & equipment									
		Counter funding on MIG Proj	109		No	Infrastructure - Road transport	Roads, Pavements & Bridges			3,000	3,000	-			Various Wards	Renewal
		Rehabilitation of urban roads	110		No	Infrastructure - Road transport	Roads, Pavements & Bridges			2,500	8,000	2,000	3,700	-	Ward 7 & 15	New
		Rehabilitation of rural roads					Roads, Pavements & Bridges					-				
		4 ton crew cab trucks with k	111		No	Other Assets	Plant & equipment									
		Pad foot compactors	112		No	Other Assets	Plant & equipment			60						
		Mobile toilets- trailer mounte	113		No	Other Assets	Plant & equipment			150						
		Tar sprayer	114		No	Other Assets	Plant & equipment			50						
		Small Tools	115		No	Other Assets	Plant & equipment			50						
		Projects Registered	116		No	Infrastructure - Road transport	Roads, Pavements & Bridges			15,000						
		CBD Upgrade and improvem	117		No	Infrastructure - Road transport	Roads, Pavements & Bridges	29°8'46.624"S ; 31°24'8.773"E		5,000	9,623	-	32,828	34,193	Ward 7	Renewal
		Masomonce minibus taxi ro	118		No	Infrastructure - Road transport	Roads, Pavements & Bridges	29°6'56.056"S ; 31°24'12.104"E		-			4,972	370		
		Sundumbili roads Phase 6	119		No	Infrastructure - Road transport	Roads, Pavements & Bridges			1,662						
		Inyoni taxi route Phase 1	120		No	Infrastructure - Road transport	Roads, Pavements & Bridges	29°6'37.14"S ; 31°25'24.555"E		233						
		Inyoni taxi route Phase 2	121		No	Infrastructure - Road transport	Roads, Pavements & Bridges	29°6'37.14"S ; 31°25'24.555"E		2,541						
		Sundumbili Roads Upgrade	122		No	Infrastructure - Road transport	Roads, Pavements & Bridges			15,179						
		Sport facilities (p-component	123		No	Infrastructure - Road transport	Roads, Pavements & Bridges			3,022	11,152	500	-	-	Ward 7	New
		Inyoni Taxi route phase 3	124		No	Infrastructure - Road transport	Roads, Pavements & Bridges	29°6'37.14"S ; 31°25'24.555"E		1,617						
		Upgrading/ Conclusion of Ne	125		No	Infrastructure - Road transport	Roads, Pavements & Bridges	29°11'16.502"S ; 31°25'16.62"E		1,625	2,134	12,851	-	-		Renewal
		Chappies Sports Field	126		No	Infrastructure - Road transport	Roads, Pavements & Bridges	29°7'52.762"S ; 31°23'12.115"E				500	-	-		
		Rural Roads Upgrade	127		No	Infrastructure - Road transport	Roads, Pavements & Bridges			9,630		5,180	-	-		
		Hardened Sidewalks	128		No	Infrastructure - Road transport	Roads, Pavements & Bridges			2,000	2,200	2,000	-	-		New
		PMU (5% Top slice)	129		No	Infrastructure - Road transport	Roads, Pavements & Bridges			1,467	1,713	1,830	1,728	1,800		
		Extension of Hlomendlini Bus Route (Esiphe			No	Infrastructure - Road transport	Roads, Pavements & Bridges				-	7,171	-	-		
		Nyoni Housing Bulk Roads and Storm-water			No	Infrastructure - Road transport	Roads, Pavements & Bridges	29°11'45.812"S ; 31°24'48.281"E		9,553	-	-	-	-		Renewal
		Rehabilitation of Mandeni Rural Gravel Roads			No	Infrastructure - Road transport	Roads, Pavements & Bridges	29°6'39.415"S ; 31°25'44.468"E		7,511	-	-	-	-		Renewal
		Multi-modal transport facility				Infrastructure - Road transport	Roads, Pavements & Bridges				-	-	-	-	Ward 7	New
		New community Hall Isithebe	133		No	Infrastructure - Other	Community halls					3,725	-	-	Ward 16&17	New
Vote 12 - Waste Management		Skips (Communal Bins)	130		No	Other Assets	Plant & equipment			500						
		Wood chipper	131		No	Other Assets	Plant & equipment									
		Wheelie bins & street bins	132		No	Other Assets	Plant & equipment			200						
		TLB			No	Other Assets	General Vehicle				700	-	-	-	MLM	New
		Waste Separation Facility			No	Other Assets	Plant & equipment				400	-	-	-	Ward 3	New
Vote 13 - Electricity		Refurbish 11kv overhead pow	133		No	Infrastructure - Electricity	Transmission & Reticulation	29°5'1.737"S ; 31°24'41.846"E		1,000	1,000	1,500	-	-	Ward 3	New
		Pre-paid electricity Metering	134		No	Infrastructure - Electricity	Transmission & Reticulation	29°9'54.278"S ; 31°25'43.145"E		750						
		Increase the NMD on Mandi	135		No	Infrastructure - Electricity	Transmission & Reticulation			-						
		Fencing of sub-stations	136		No	Infrastructure - Electricity	Transmission & Reticulation									
		Streetlighting (new)	137		No	Infrastructure - Electricity	Street Lighting			250	500	-	-	-	All Wards	New
		Fault finding machine	138		No	Other Assets	Plant & equipment			-	-					
Parent Capital expenditure																
List all capital projects grouped by Entity																
Entities:																
List all capital projects grouped by Entity																
Entity A																
Water project A																
Entity B																
Electricity project B																
Entity Capital expenditure																
Total Capital expenditure																
										77,918	82,112	51,182	61,434	43,475		

2.15 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

Audit Committee

An Audit Committee has been established and is fully functional.

Service Delivery and Implementation Plan

The detail SDBIP document is at a stage and will be finalised after approval of the 2016/17 MTREF in June 2016 directly aligned and informed by the 2016/17 MTREF.

Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

MFMA Training

The MFMA training module in electronic format is presented at the Municipality's internal center and training is ongoing.

Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 05 September 2014. The ratios as prescribed in the Regulations have been complied with.

2.16 Other supporting documents**Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance**

Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Re	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		33,472	27,411	29,125	27,496	27,496	27,496	27,496	30,465	32,110	33,844
less Revenue Foregone				—	726	726	726	726	1,529	1,611	1,698
Net Property Rates		33,472	27,411	29,125	26,770	26,770	26,770	26,770	28,937	30,499	32,146
Service charges - electricity revenue											
Total Service charges - electricity revenue	6	11,213	11,715	11,990	14,713	14,713	14,713	14,713	12,236	31,896	33,619
less Revenue Foregone (in excess)		—	—	—	—	—	—	—	—	—	—
less Cost of Free Basis Services		—	—	—	—	—	—	—	—	—	—
Net Service charges - electricity revenue		11,213	11,715	11,990	14,713	14,713	14,713	14,713	12,236	31,896	33,619
Service charges - water revenue											
Total Service charges - water revenue	6										
less Revenue Foregone (in excess)		—	—	—	—	—	—	—	—	—	—
less Cost of Free Basis Services (6)		—	—	—	—	—	—	—	—	—	—
Net Service charges - water revenue		—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue											
Total Service charges - sanitation revenue	6										
less Revenue Foregone (in excess)		—	—	—	—	—	—	—	—	—	—
less Cost of Free Basis Services		—	—	—	—	—	—	—	—	—	—
Net Service charges - sanitation revenue		—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue											
Total refuse removal revenue	6	5,587	5,947	6,263	6,943	6,943	6,943	6,943	7,920	8,348	8,799
Total landfill revenue											
less Revenue Foregone (in excess)		—	—	—	—	—	—	—	—	—	—
less Cost of Free Basis Services		—	—	—	—	—	—	—	—	—	—
Net Service charges - refuse revenue		5,587	5,947	6,263	6,943	6,943	6,943	6,943	7,920	8,348	8,799
Other Revenue by source											
Tender fees		72	204	193	100	100	100	100	100	105	111
Town Planning Fees		1	0	89	100	100	100	100	100	105	111
Building Plan Fees		24	109	25	50	50	50	50	50	53	56
Photocopy Charges		16	12	33	20	20	20	20	20	21	22
Sundry Income		670	75	360	—	—	—	—	200	211	222
VAT Refund		3,539	4,176	6,708	—	—	—	—	—	—	—
Fire Services		—	—	—	30	30	30	30	30	32	34
Entrance Fees - Swimming Pool		5	26	12	12	12	12	12	12	13	13
Connection Fees		23	18	6	20	20	20	20	20	60	63
Reconnection Fees		46	121	74	10	10	10	10	10	11	11
Other		150	23	11	63	63	63	63	63	66	70
Total 'Other' Revenue	31	4,547	4,765	7,511	405	405	405	405	605	677	714

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Re	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	24,716	36,742	46,519	48,596	48,596	48,596	48,596	55,885	58,903	62,319
Pension and UIF Contributions		3,687	5,016	6,217	3,514	3,514	3,514	3,514	3,539	3,730	3,946
Medical Aid Contributions		1,744	2,076	2,965	1,789	1,789	1,789	1,789	1,790	1,887	1,996
Overtime		856	706	642	229	229	229	229	155	163	173
Performance Bonus		—	—	96	699	699	699	699	352	371	393
Motor Vehicle Allowance		1,480	2,617	3,416	5,002	5,002	5,002	5,002	5,639	5,943	6,288
Cellphone Allowance		139	271	318	316	316	316	316	260	274	290
Housing Allowances		307	23	38	469	469	469	469	339	357	378
Other benefits and allowances		—	—	—	—	—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	—	—	—	—
Long service awards		124	543	227	—	—	—	—	—	—	—
Post-retirement benefit obligations	4	(544)	713	4,054	—	—	—	—	—	—	—
sub-total	5	32,510	48,706	64,493	60,614	60,614	60,614	60,614	67,960	71,629	75,784
Less: Employees costs capitalised to PPE		—	—	—	—	—	—	—	—	—	—
Total Employee related costs	1	32,510	48,706	64,493	60,614	60,614	60,614	60,614	67,960	71,629	75,784
Contributions recognised - capital											
<i>List contributions by contract</i>											
Total Contributions recognised - capital		—	—	—	—	—	—	—	—	—	—
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		18,773	18,632	21,457	19,000	19,000	19,000	19,000	21,000	22,711	23,931
Lease amortisation		—	—	—	—	—	—	—	—	—	—
Capital asset impairment		—	—	—	—	—	—	—	—	—	—
Depreciation resulting from revaluation	#	—	—	—	—	—	—	—	—	—	—
Total Depreciation & asset impairment	1	18,773	18,632	21,457	19,000	19,000	19,000	19,000	21,000	22,711	23,931
Bulk purchases											
Electricity Bulk Purchases		7,437	8,128	8,112	12,556	12,056	12,056	12,056	9,596	30,115	34,007
Water Bulk Purchases		—	—	—	—	—	—	—	—	—	—
Total bulk purchases	1	7,437	8,128	8,112	12,556	12,056	12,056	12,056	9,596	30,115	34,007
Transfers and grants											
Cash transfers and grants		383	—	—	1,600	1,600	1,600	1,600	650	685	722
Non-cash transfers and grants		3,551	3,866	12,291	18,000	18,000	18,000	18,000	10,500	22,747	26,555
Total transfers and grants	1	3,934	3,866	12,291	19,600	19,600	19,600	19,600	11,150	23,432	27,278
Contracted services											
Security - Alarms/Cash in Transit		160	141	163	250	150	150	150	250	264	278
Security Services Contractor		2,436	3,111	4,825	3,900	3,900	3,900	3,900	3,900	4,111	4,333
Disaster Management- Outsourced		—	—	3,424	4,550	4,050	4,050	4,050	3,550	3,742	3,944
Contractors -Information Technology		—	—	1,345	850	650	650	650	950	1,001	1,055
Contractors -Communications		—	—	4,097	2,160	2,160	2,160	2,160	1,066	17	—
Contractors -Prepaid Metering System		—	—	—	635	635	635	635	635	670	706
Contractors -Refuse		7,444	7,719	7,418	3,000	6,950	6,950	6,950	6,000	8,000	8,432
sub-total	1	10,039	10,971	21,270	15,345	18,495	18,495	18,495	16,352	17,804	18,747
Allocations to organs of state:											
Electricity		—	—	—	—	—	—	—	—	—	—
Water		—	—	—	—	—	—	—	—	—	—
Sanitation		—	—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—	—
Total contracted services		10,039	10,971	21,270	15,345	18,495	18,495	18,495	16,352	17,804	18,747
Other Expenditure By Type											
Collection costs		66	33	270	—	—	—	—	—	—	—
Contributions to 'other' provisions		—	—	—	—	—	—	—	—	—	—
Consultant fees		3,404	4,043	3,976	3,019	3,649	3,649	3,649	3,369	3,551	3,743
Audit fees		2,235	1,934	1,984	2,300	2,300	2,300	2,300	2,550	2,688	2,833
General expenses	3	5,165,994.42	8,622,710.26	8,789,847.89	7,546,812.38	4,566,812.38	6,146,812.38	6,147	10,261	9,895	10,554
Grant and subsidies expenditure		—	—	—	—	—	—	—	—	—	—
Lease Vehicles		1,440	1,472	1,749	1,020	1,020	1,020	1,020	739	779	821
Ward Committees		1,626	1,604	1,808	2,334	2,334	2,334	2,334	2,285	2,408	2,538
Public Participation		881	1,586	1,764	2,420	2,420	2,420	2,420	2,460	2,593	2,733
Training and Development		1,697	1,170	1,410	1,500	1,500	1,500	1,500	1,730	1,746	1,966
Telephone		1,122	1,331	1,560	1,500	1,500	1,500	1,500	1,700	1,792	1,889
Fuel & Oil		1,917	2,880	2,635	2,000	2,000	2,000	2,000	2,500	2,635	2,777
Subsistence & Travelling		1,550	2,806	2,952	1,893	1,893	1,693	1,693	1,875	1,976	2,083
Advertising - Statutory		482	234	490	470	470	470	470	560	546	576
Community Upliftment Programmes		397	3,437	1,634	1,240	1,240	2,640	2,640	2,057	4,768	4,265
Traffic and Law Enforcement Programme		—	—	6	216	216	416	416	116	122	129
Sports and Recreation		353	641	620	650	650	650	650	—	—	—
Plans and Frameworks		90	525	1,730	6,590	6,590	4,490	4,490	6,620	7,274	6,558
Siyaya Development Coastal Plan		—	—	—	—	—	—	—	—	—	—
Shared Service District Town Planning		737	811	480	800	800	600	600	600	500	500
LED Programmes		840	2,504	3,865	3,800	3,800	3,800	3,800	2,600	2,740	2,888
Youth programmes		60	226	287	500	500	500	500	527	555	585
Aids Awareness Campaign		110	207	443	400	400	220	220	—	—	—
Insurances - General		338	282	513	450	450	450	450	450	474	500
Licences- Software		4	—	—	800	800	300	300	1,000	1,054	1,111
Printing & Stationery		634	612	493	483	483	483	483	740	780	822
Contributions to CRR		—	—	—	—	—	—	—	—	—	—
Total 'Other' Expenditure	1	25,150	36,960	39,459	41,932	39,582	39,582	39,582	44,740	48,879	49,872

Table 54 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

KZN291 Mandeni - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)																	
Description	Ref	Vote 1 -	Vote 2 -	Vote 3 -	Vote 4 -	Vote 5 -	Vote 6 -	Vote 7 -	Vote 8 -	Vote 9 -	Vote 10 -	Vote 11 -	Vote 12 -	Vote 13 -	Vote 14 -	Vote 15 -	Total
R thousand	1	Executi	Budget	Corpora	Commu	Sport	Public	Housing	Health	Plannin	Environ	Road	Waste	Electrici	[NAME	[NAME	
Revenue By Source																	
Property rates		–	28,937	–	–	–	–	–	–	–	–	–	–	–			28,937
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–	–	–	–			–
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	–	12,236			12,236
Service charges - water revenue																	–
Service charges - sanitation revenue																	–
Service charges - refuse revenue		–	–	–	–	–	–	–	–	–	–	–	7,920	–			7,920
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–			–
Rental of facilities and equipment		–	–	–	65	–	–	–	–	240	–	–	–	–			305
Interest earned - external investments		–	3,570	–	–	–	–	–	–	–	–	–	–	–			3,570
Interest earned - outstanding debtors		–	7,500	–	–	–	–	–	–	–	–	–	–	–			7,500
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–			–
Fines		–	–	–	5	–	2,100	–	–	–	–	–	–	–			2,105
Licences and permits		–	–	–	–	–	1,255	–	–	–	–	–	–	–			1,255
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–			–
Other revenue		–	300	–	20	12	93	–	–	150	–	–	–	30			605
Transfers recognised - operational		6,678	112,333	–	1,797	–	–	–	–	–	–	–	5,000	13,500			139,308
Gains on disposal of PPE																	–
Total Revenue (excluding capital transfers and c		6,678	152,640	–	1,887	12	3,448	–	–	390	–	–	12,920	25,766	–	–	203,740
Expenditure By Type																	
Employee related costs		7,745	12,150	9,181	7,149	356	6,324	–	–	13,640	2,423	4,800	2,080	2,112			67,960
Remuneration of councillors		12,580	–	–	–	–	–	–	–	–	–	–	–	–			12,580
Debt impairment		–	3,629	–	–	–	–	–	–	–	–	–	–	–			3,629
Depreciation & asset impairment		–	21,000	–	–	–	–	–	–	–	–	–	–	–			21,000
Finance charges		–	1,810	–	–	–	–	–	–	–	–	–	–	–			1,810
Bulk purchases		–	–	–	–	–	–	–	–	–	–	–	–	9,596			9,596
Other materials		62	200	700	431	374	400	–	–	2,531	3,705	4,676	–	1,845			14,924
Contracted services		1,066	635	950	–	–	7,700	–	–	–	–	–	6,000	–			16,352
Transfers and grants		–	–	–	–	–	–	–	–	500	–	–	100	10,550			11,150
Other expenditure		13,277	8,303	7,424	1,926	700	799	–	–	10,080	345	1,140	–	746			44,740
Loss on disposal of PPE																	–
Total Expenditure		34,731	47,728	18,254	9,506	1,430	15,223	–	–	26,750	6,473	10,616	8,180	24,848	–	–	203,740
Surplus/(Deficit)		(28,053)	104,912	(18,254)	(7,619)	(1,418)	(11,775)	–	–	(26,360)	(6,473)	(10,616)	4,740	917	–	–	0
Transfers recognised - capital		–	–	–	–	–	–	–	–	–	–	33,757	–	–			33,757
Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–	(33,757)	–	–			(33,757)
Contributed assets																	–
Surplus/(Deficit) after capital transfers & contributions		(28,053)	104,912	(18,254)	(7,619)	(1,418)	(11,775)	–	–	(26,360)	(6,473)	(10,616)	4,740	917	–	–	0

Table 55 MBRR Table SA3 – Supporting detail to Statement of Financial Position

KZN291 Mandeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		59,803	60,287	28,123	68,868	23,361	23,361	23,361	5,038	5,912	11,361
Other current investments > 90 days											
Total Call investment deposits	2	59,803	60,287	28,123	68,868	23,361	23,361	23,361	5,038	5,912	11,361
Consumer debtors											
Consumer debtors		78,234	93,780	104,527	98,000	81,169	81,169	81,169	115,000	131,000	150,000
Less: Provision for debt impairment		(48,942)	(65,968)	(75,963)	(52,000)	(74,460)	(74,460)	(74,460)	(75,789)	(80,789)	(88,789)
Total Consumer debtors	2	29,292	27,812	28,564	46,000	6,709	6,709	6,709	39,211	50,211	61,211
Debt impairment provision											
Balance at the beginning of the year		41,838	48,942	65,968	36,000	52,000	52,000	52,000	74,460	75,789	80,789
Contributions to the provision		7,104	17,026	17,026	20,000	47,569	47,569	47,569	3,825	10,000	10,000
Bad debts written off				(7,031)	(4,000)	(25,109)	(25,109)	(25,109)	(2,497)	(5,000)	(2,000)
Balance at end of year		48,942	65,968	75,963	52,000	74,460	74,460	74,460	75,789	80,789	88,789
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		287,067	333,830	402,774	406,461	485,511	485,511	485,511	537,580	558,983	606,909
Leases recognised as PPE											
Less: Accumulated depreciation	3	55,304	73,120	94,183	109,109	115,183	115,183	115,183	126,277	145,000	170,000
Total Property, plant and equipment (PPE)	2	231,763	260,710	308,591	297,352	370,328	370,328	370,328	411,303	413,983	436,909
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities			164	193		194	194	194	1,210	1,300	1,500
Total Current liabilities - Borrowing		-	164	193	-	194	194	194	1,210	1,300	1,500
Trade and other payables											
Trade and other creditors		5,698	8,768	11,354	2,553	10,472	10,472	10,472	11,000	5,000	5,000
Unspent conditional transfers		11,133	15,297	7,318		7,318	7,318	7,318	16,000	2,000	2,000
VAT			707								
Total Trade and other payables	2	16,831	24,772	18,672	2,553	17,790	17,790	17,790	27,000	7,000	7,000
Non current liabilities - Borrowing											
Borrowing	4										
Finance leases (including PPP asset element)			405	212		212	212	212	2,660	2,000	1,500
Total Non current liabilities - Borrowing		-	405	212	-	212	212	212	2,660	2,000	1,500
Provisions - non-current											
Retirement benefits		9,731	10,986	15,267	13,000	15,267	15,267	15,267	17,000	20,000	24,000
List other major provision items											
Refuse landfill site rehabilitation											
Other											
Total Provisions - non-current		9,731	10,986	15,267	13,000	15,267	15,267	15,267	17,000	20,000	24,000
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		291,512	326,341	359,737	367,152	370,422	370,422	370,422	417,427	451,184	485,740
GRAP adjustments			23,635								
Restated balance		291,512	349,976	359,737	367,152	370,422	370,422	370,422	417,427	451,184	485,740
Surplus/(Deficit)		34,636	9,761	18,653	43,955	47,005	47,005	47,005	33,757	34,556	35,993
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments		193									
Accumulated Surplus/(Deficit)	1	326,341	359,737	378,390	411,107	417,427	417,427	417,427	451,184	485,740	521,733
Reserves											
Housing Development Fund		1,673	1,723	1,784	1,800	1,784	1,784	1,784	1,800	1,800	1,800
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	1,673	1,723	1,784	1,800	1,784	1,784	1,784	1,800	1,800	1,800
TOTAL COMMUNITY WEALTH/EQUITY	2	328,014	361,460	380,174	412,907	419,211	419,211	419,211	452,984	487,540	523,533

Table 56 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

KZN291 Mandeni - Supporting Table SA9 Social, economic and demographic statistics and assumptions												
Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population					138	138	138	138	138	134		
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment					57	57	57	57	57	58		
Monthly household income (no. of	1,											
No income					55,739	55,739	55,739	55,739	55,739	55,740		
R1 - R1 600					2,071	2,071	2,071	2,071	2,071	33,612		
R1 601 - R3 200					3,971	3,971	3,971	3,971	3,971	3,971		
R3 201 - R6 400					9,818	9,818	9,818	9,818	9,818	9,818		
R6 401 - R12 800					8,735	8,735	8,735	8,735	8,735	8,735		
R12 801 - R25 600					4,414	4,414	4,414	4,414	4,414	4,414		
R25 601 - R51 200					2,135	2,135	2,135	2,135	2,135	516		
R52 201 - R102 400					1,220	1,220	1,220	1,220	1,220	-		
R102 401 - R204 800					616	616	616	616	616	616		
R204 801 - R409 600					88	88	88	88	88	88		
R409 601 - R819 200					34	34	34	34	34	34		
> R819 200					28	28	28	28	28	28		
Poverty profiles (no. of households)												
< R2 060 per household per month	13				17,270	17270.00	17270.00	17270.00	17270.00	17270.00		
Insert description	2											
Household/demographics (000)												
Number of people in municipal area					138,079	138	138	138	138	138		
Number of poor people in municipal area					66,264	66	66	66	66	66		
Number of households in municipal area					38,235	38	38	38	38	38		
Number of poor households in municipal area					24,595	25	25	25	25	25		
Definition of poor household (R per month)												
Housing statistics	3											
Formal					33,519	33,519	33,519	33,519	33,519	33,519		
Informal					4,716	4,716	4,716	4,716	4,716	4,716		
Total number of households												
Dwellings provided by municipality	4				38,235	38,235	38,235	38,235	38,235	38,235	-	
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings												

Detail on the provision of municipal services for A10													
Total municipal services	Ref.		2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework				
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
		Household service targets (000)											
		Water:											
		Piped water inside dwelling	9,851	9,851	9,851	9,851	9,851	9,851	10,501	11,152	11,810		
		Piped water inside yard (but not in dwelling)	10,902	10,902	10,902	10,902	10,902	10,902	11,622	12,385	13,116		
		Using public tap (at least min.service level)	-	-	-	-	-	-	-	-	-		
		Other water supply (at least min.service level)	17,482	17,482	17,482	17,482	17,482	17,482	18,636	19,791	20,821		
		Minimum Service Level and Above sub-total	38,235	38,235	38,235	38,235	38,235	38,235	40,759	43,329	45,746		
		9	Using public tap (< min.service level)	-	-	-	-	-	-	-	-		
		10	Other water supply (< min.service level)	-	-	-	-	-	-	-	-		
			No water supply	-	-	-	-	-	-	-	-		
		Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-		
			Total number of households	38,235	38,235	38,235	38,235	38,235	38,235	40,759	43,329	45,746	
			Sanitation/sewerage:										
			Flush toilet (connected to sewerage)	11,313	11,313	11,313	11,313	11,313	11,313	12,060	12,807	13,563	
			Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-	
			Chemical toilet	8,587	8,587	8,587	8,587	8,587	8,587	9,154	9,721	10,295	
			Pit toilet (ventilated)	15,173	15,173	15,173	15,173	15,173	15,173	16,174	17,177	18,191	
			Other toilet provisions (> min.service level)	2,690	2,690	2,690	2,690	2,690	2,690	2,868	3,045	3,255	
			Minimum Service Level and Above sub-total	37,763	37,763	37,763	37,763	37,763	37,763	40,255	42,751	45,304	
			Bucket toilet	472	472	472	472	472	472	472	300	-	
			Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-	
			No toilet provisions	-	-	-	-	-	-	-	-	-	
			Below Minimum Service Level sub-total	472	472	472	472	472	472	472	300	-	
				Total number of households	38,235	38,235	38,235	38,235	38,235	38,235	40,727	43,051	45,304
				Energy:									
				Electricity (at least min.service level)	1,009	1,009	-	1,053	1,053	1,053	1,040	1,040	1,040
				Electricity - prepaid (min.service level)	-	-	-	-	-	-	-	-	-
				Minimum Service Level and Above sub-total	1,009	1,009	-	1,053	1,053	1,053	1,040	1,040	1,040
				Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
				Electricity - prepaid (< min. service level)	2,560	2,560	-	2,560	2,560	2,560	2,560	2,560	2,560
				Other energy sources	12,500	12,500	-	12,500	12,500	12,500	12,500	12,500	12,500
				Below Minimum Service Level sub-total	15,060	15,060	-	15,060	15,060	15,060	15,060	15,060	15,060
					Total number of households	16,069	16,069	-	16,113	16,113	16,113	16,100	16,100
				Refuse:									
				Removed at least once a week	10,508	10,508	10,508	10,508	10,508	10,508	11,705	12,430	13,164
				Minimum Service Level and Above sub-total	10,508	10,508	10,508	10,508	10,508	10,508	11,705	12,430	13,164
		Removed less frequently than once a week	655	655	655	655	655	655	655	742	785		
		Using communal refuse dump	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,508	1,597		
		Using own refuse dump	23,114	23,114	23,114	23,114	23,114	23,114	23,114	26,167	27,711		
		Other rubbish disposal	1,915	1,915	1,915	1,915	1,915	1,915	1,915	2,168	2,296		
		No rubbish disposal	711	711	711	711	711	711	711	711	711		
		Below Minimum Service Level sub-total	27,727	27,727	27,727	27,727	27,727	27,727	27,727	31,296	33,100		
			Total number of households	38,235	38,235	38,235	38,235	38,235	39,432	43,726	46,264		

Services provided by 'external mechanism'	Ref.		2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Names of service providers		Household service targets (000)									
		Water:									
		Piped water inside dwelling	9,851	9,851	9,851	9,851	9,851	9,851	10,501	11,152	11,810
		Piped water inside yard (but not in dwelling)	10,902	10,902	10,902	10,902	10,902	10,902	11,622	12,385	13,116
	8	Using public tap (at least min.service level)									
	10	Other water supply (at least min.service level)	17,482	17,482	17,482	17,482	17,482	17,482	18,636	19,791	20,821
		<i>Minimum Service Level and Above sub-total</i>	38,235	38,235	38,235	38,235	38,235	38,235	40,759	43,329	45,746
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	38,235	38,235	38,235	38,235	38,235	38,235	40,759	43,329	45,746
Names of service providers		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	11,313	11,313	11,313	11,313	11,313	11,313	12,060	12,807	13,563
		Chemical toilet	8,587	8,587	8,587	8,587	8,587	8,587	9,154	9,721	10,295
		Pit toilet (ventilated)	15,173	15,173	15,173	15,173	15,173	15,173	16,174	17,177	18,191
		Other toilet provisions (> min.service level)	2,690	2,690	2,690	2,690	2,690	2,690	2,868	3,045	3,255
		<i>Minimum Service Level and Above sub-total</i>	37,763	37,763	37,763	37,763	37,763	37,763	40,255	42,751	45,304
		Bucket toilet	472	472	472	472	472	472	472	300	-
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>	472	472	472	472	472	472	472	300	-
		Total number of households	38,235	38,235	38,235	38,235	38,235	38,235	40,727	43,051	45,304
Names of service providers		Energy:									
		Electricity (at least min.service level)	1,009	1,009		1,053	1,053	1,053	1,040	1,040	1,040
		Electricity - prepaid (min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	1,009	1,009	-	1,053	1,053	1,053	1,040	1,040	1,040
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)	2,560	2,560		2,560	2,560	2,560	2,560	2,560	2,560
		Other energy sources	12,500	12,500		12,500	12,500	12,500	12,500	12,500	12,500
		<i>Below Minimum Service Level sub-total</i>	15,060	15,060	-	15,060	15,060	15,060	15,060	15,060	15,060
		Total number of households	16,069	16,069	-	16,113	16,113	16,113	16,100	16,100	16,100
Names of service providers		Refuse:									
		Removed at least once a week	10,508	10,508	10,508	10,508	10,508	10,508	11,705	12,430	13,164
		<i>Minimum Service Level and Above sub-total</i>	10,508	10,508	10,508	10,508	10,508	10,508	11,705	12,430	13,164
		Removed less frequently than once a week	655	655	655	655	655	655	655	742	785
		Using communal refuse dump	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,508	1,597
		Using own refuse dump	23,114	23,114	23,114	23,114	23,114	23,114	23,114	26,167	27,711
		Other rubbish disposal	1,915	1,915	1,915	1,915	1,915	1,915	1,915	2,168	2,296
		No rubbish disposal	711	711	711	711	711	711	711	711	711
		<i>Below Minimum Service Level sub-total</i>	27,727	27,727	27,727	27,727	27,727	27,727	27,727	31,296	33,100
		Total number of households	38,235	38,235	38,235	38,235	38,235	38,235	39,432	43,726	46,264

Table 57 MBRR SA32 – List of external mechanisms

KZN291 Mandeni - Supporting Table SA32 List of external mechanisms					
External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
KPMG	Yrs	3	Internal Audit	30 December 2017	500
Mandeni Waste Services	Yrs	3	Refuse removal	30 June 2016	6,000
Enforce Security	Yrs	3	Security	30 June 2016	3,900
Indwe Insurers	Yrs	3	Insurance	30 June 2016	450
Wesbank	Yrs	3	Fleet	31 March 2015	739
Sonke Consulting	Yrs	3	IT Support	30 September 2017	950
Rural Metro	Yrs	3	Fire Brigade	30 September 2017	3,550
Brand Patners	Yrs	3	Communication	30 September 2017	1,066
Conlog	Yrs	1	Smart Metering	30 June 2016	635
HCB Prperty Valuers	Yrs	1	Property Valuation	30 June 2017	1,300
Travel with flair	Yrs	1	Travel Agent	30 June 2016	1,000
Imfezi Security	Yrs	1	Cash in transit	30 June 2016	50
Ngubane & Co	Yrs	3	Internal Audit- PMU	30 December 2017	300
Delca	Yrs	3	PMU	28 February 2018	1,500
Libra	Yrs	1	Security Service	30 June 2016	250

2.17 Municipal manager's quality certificate

I LH Mapholoba, municipal manager of Mandeni Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Mr LH Mapholoba

Municipal manager of Mandeni Municipality (KZN 291)

Signature _____

Date 31 May 2016